policy REVIEW

Summer 1995 Number 73 $5.50 U.S.A. $7.15 Canada

The Cruelty of the Welfare State

50,000 Kids Who Can't Go Home
Conna Craig

School Lunches That Kids Won't Eat
Stephen Glass

Why My Guy Is Mr. Right
Nine Conservatives Defend Their Presidential Candidate

Minimum-Wage Millionaires
The Capitalist Way to Save Social Security

Dick Armey Zaps the Sales Tax

J.D. Foster Tweaks the Flat Tax

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Ignore the Left Jabs.

AMERICA'S NEWSPAPER

The Washington Times

November 14 – 20, 1994 | NATIONAL WEEKLY EDITION | $2.25

. . . Special 1994 Election Issue . . .

REPUBLICANS BY A KNOCKOUT

Clinton, Democratic policies rejected beyond Beltway

New Whitewater hearings likely

By Jerry Seper

Having wrested control of Congress from the Democrats, Republicans are expected next year to renew their call for comprehensive hearings into Whitewater – an effort that was thwarted this year.

But the new inquiry could reach beyond the Senate and House banking committees, which held limited hearings last summer, to include the appointment of a select committee to investigate President Clinton's ties to a failed Arkansas thrift and a real estate partnership.

"We've not yet heard anyone specifically suggest the appointment of a select committee, but look at the mix, the guns that has become Whitewater, and think about the breadth of jurisdiction," said one key GOP official.

"There are legitimate questions rightfully within the domain of several committees – Agriculture, Energy, Commerce, the

see HEARINGS, page 7

The morning after: President Clinton discusses his party's devastating losses at a news conference Nov. 9 at the White House.

Photo by Rueben Lambert/The Washington Times

Voters realign the government

By Donald Lambro

Angry voters pounded President Clinton, his party and his liberal message at the midterm, sweeping Democrats from power in Congress and turning the government in a sharply conservative direction.

Every poll of the past several months showed the voters were fed up with just about everything the government was doing, from higher taxes to more spending, and Nov. 8 they turned their anger on the Democrats with a vengeance.

In a politically realigning election of historic proportions, voters sent a strong message of support for the Republicans' tax-reduction and budget-cutting platform.

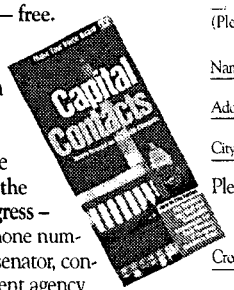
And the president who was elected two years ago on a platform of change was rebuffed for practicing the same old brand of liberal Democratic politics rather than the New Democrat policies he preached on the campaign trail.

For the first time in 40 years, Republicans were poised to wrest control of both houses of the Con-

Here comes full-contact journalism from Washington's most fearless reporting team. Get the best of The Washington Times each week with The Washington Times National Weekly Edition. It's essential reading with no liberal bias. And no punches pulled.

Get Washington's hottest read for just 77¢ per issue.*

Get your own direct line to Washington's people in power — free.



Every 1 and 2-year prepaid subscription comes with a new copy of *Capital Contacts*, a 190-page guide – **revised for the newly elected congress** – that lists fax and phone numbers for every U.S. senator, congressman, government agency and key White House staffers. This great resource is absolutely free with your 1 or 2 year subscription!

Call today or clip and mail this coupon to The Washington Times National Weekly Edition.

☐ *2 YEARS for only $79.95 ☐ 1 YEAR $59.95 ☐ 6 months $34.95

(Please print clearly when filling out coupon)

Name _____

Address _____

City _____ State _____ Zip _____ Phone: ( )

Please Check One: ☐ MasterCard ☐ VISA ☐ Discover ☐ American Express ☐ Bill Me

☐ Check/Money Order Enclosed

Credit Card # _____ Expiration Date _____ Signature _____

Make checks payable to The Washington Times National Weekly Edition. PO Box 96601, Washington, DC 20090 **UJPR95**

To Subscribe, Call 1-800-363-9118 Today.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Summer 1995 **policy REVIEW** Number 73

4 *Adam Meyerson* — **Nixon's Ghost**
Racial quotas—may they rest in peace

95 *Letters to the Editor* — **Unconstitutional Congress, Crack Babies, Pensions**

POLITICS

6 *A Symposium* — **My Guy**
Why my presidential candidate is Mr. Right

18 *A Symposium* — **100 Days That Shook the World?**
The historical significance of the Contract With America

THE ECONOMY

24 *J.D. Foster* — **Even Money**
A friendly critique of the flat tax

31 *Dick Armey* — **Caveat Emptor**
The case against the national sales tax

36 *Sam Beard* — **Minimum-Wage Millionaires**
The capitalist way to save Social Security

THE FAMILY

40 *Conna Craig* — **"What I Need Is a Mom"**
The welfare state denies homes to thousands of foster children

50 *William R. Mattox Jr.* — **Split Personality**
Why aren't conservatives talking about divorce?

55 *Frederica Mathewes-Green* — **Embryonic Trend**
How do we explain the drop in abortions?

REGULATION

59 *John Hood* — **OSHA's Trivial Pursuit**
In workplace safety, business outperforms the regulators

THE LAW

66 *Tucker Carlson* — **Safety Inc.**
Private cops are there when you need them

73 *Sarah B. Vandenbraak* — **Bail, Humbug!**
Why criminals would rather be in Philadelphia

77 *Spencer Abraham* — **Litigation Tariff**
The federalist case for national tort reform

EDUCATION

82 *Stephen Glass* — **Happy Meals**
When lunch subsidies are chopped, kids eat better

86 *Charlene K. Haar* — **Cutting Class**
The PTA plays hooky from educational reform

RETROSPECT

91 *Churchill, Reagan, et al.* — **"We Shall Never Surrender"**
Statesmen weigh in on the meaning of WWII

214 Massachusetts Avenue, NE, Washington, D.C. 20002 The Heritage Foundation Telephone: (202) 546-4400 • Fax: (202) 675-0291

LICENSED TO GALE
ELECTRONIC REPRODUCTION PROHIBITED

Rationalize.

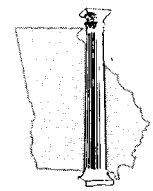
Rationalize a world *without* public policy. Ignorance among the public. Government profligacy. Outdated research on outdated issues with outdated solutions.

Rationalize a world *with* public policy. Sparking public debate. Spurring public action. Strengthening individual responsibility, limited government and free markets.

The *Georgia Public Policy Foundation*. Unyielding to its commitment to the truth. Providing active citizens with new ideas to encourage broad debate and citizen participation in the public policy process.

Become part of a rational world. Be informed of common-sense issues such as privatization, education, welfare and tax reform. Effectively strengthen a rational world in government through public policy.

Receive a free **Issue Analysis** or **Commentary** on pertinent issues by calling the *Georgia Public Policy Foundation* at **(404) 455-7600** or toll-free within Georgia at 1-800-423-8867. Or send electronic mail on Compuserve to (74157,350).



Georgia Public Policy Foundation

2900 Chamblee-Tucker Road, Bldg. Six, Atlanta, GA 30341-4128

Summer 1995 — **policy REVIEW** — **Number 73**

Editor
Adam Meyerson

Deputy Editor
Joe Loconte

Managing Editor
D.W. Miller

Assistant Editor
Stephen Glass

Editorial Assistant
Brendan O'Scannlain

Publisher
Edwin J. Feulner Jr.

Associate Publisher
Katharine E. Moffett

Design and Publishing Assistant
Jennifer Soininen

Editorial Board

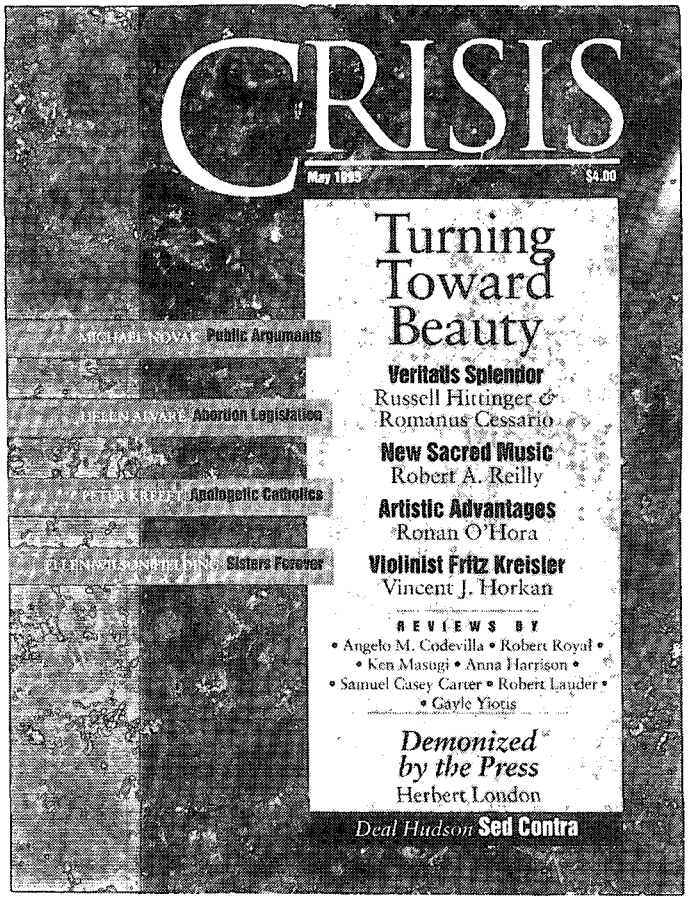
David I. Meiselman, *Chairman*
Sir Kingsley Amis
George F. Gilder
Stephen Gaseler
Harold M. Hochman
Ernest W. Lefever
Henry G. Manne
Antonio Martino
Allan H. Meltzer
Robert Moss
John O'Sullivan
William Schneider Jr.
Gordon Tullock
Ernest van den Haag

The Heritage Foundation

Policy Review (ISSN 0146-5945) is published quarterly by The Heritage Foundation, 214 Massachusetts Avenue, NE, Washington, DC 20002-4999. Second-class postage paid at Washington, DC, and additional mailing offices. *Policy Review* is a forum for conservative debate on the major political issues of our time. The views in *Policy Review* are those of the authors. They do not necessarily reflect the views of the editorial board or of The Heritage Foundation.
Editorial correspondence should be addressed to *Policy Review*, Editorial Offices, The Heritage Foundation, 214 Massachusetts Avenue, NE, Washington, DC 20002-4999. Telephone (202)546-4400. Fax (202)675-0291. Internet gjjt78d@prodigy.com. For permission to reprint, send requests to the Associate Publisher. Reproductions or use, without permission, of editorial or graphic content is prohibited.
Subscriptions correspondence should be addressed to *Policy Review*, Subscriptions Department, P.O. Box 638, Mt. Morris, IL 61054. Toll-free subscriptions telephone number: 1-800-304-0056. Foreign subscribers please call (815) 734-5803. For address changes (allow six weeks), provide old address and new address, including ZIP codes. POSTMASTER: Send address changes to *Policy Review*, Subscriptions Department, P.O. Box 638, Mt. Morris, IL 61054. Subscription rates are $22 for one year, $44 for two years, and $66 for three years. Add $10 for foreign air-speeded delivery.
Policy Review is indexed by the Readers' Guide to Periodical Literature, the Public Affairs Information Service, and the Social Sciences Index.

Policy Review has been copyrighted for 1995 by The Heritage Foundation and is available on NEXIS. U.S.A. newsstand distribution by Eastern News Distributors, Inc., 1130 Cleveland Road, Sandusky, Ohio 44870. Printed in the United States of America.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED



Well Read Conservatives Read CRISIS

And now they read it for nothing.

Every month CRISIS brings you the very best religiously informed analysis of culture and public policy:

Paul Johnson, Avery Dulles, S.J., Piers Paul Read, Alice Thomas Ellis, Robert Royal, William Bennett, Hadley Arkes, Anne Husted Burleigh, Gov. Robert Casey, George Weigel, Michael Novak, Ralph McInerny, Cardinal Ratzinger, and Karol Wojtyla.

SUBSCRIBE TODAY!
CRISIS
P.O. BOX 1006
NOTRE DAME, IN
46556
OR CALL
1-800-852-9962

Yes! I want to read my first issue of CRISIS
Absolutely Free!
If I like it, I will subscribe at 43% off the cover price!

❑ 1 year $25 ❑ 2 years $45 ❑ 3 years $61
❑ Bill me ❑ VISA ❑ MasterCard ❑ Check enclosed payable to CRISIS

Name _____
Address _____
City _____ State _____ Zip _____

Account Number _____ Expiration Date _____
Cardholder Signature _____

PR1

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Nixon's Ghost

Racial Quotas—May They Rest in Peace

Adam Meyerson

A generation has passed since the Nixon administration established racial quotas in hiring, promotion, college admissions, and government contracting. Affirmative-action policies, both public and private, have opened many economic and educational opportunities for African Americans, and have played an important role in one of the most encouraging developments of recent decades: the emergence of a large and growing black middle class. But supporters of government-mandated racial preferences have always been uncomfortable about policies that judge Americans by the color of their skin, not the content of their character—the opposite of Martin Luther King Jr.'s dream. Even if racial preferences have been justified on a temporary basis, they surely cannot be justified for more than a generation.

Citizens and politicians are beginning to roll quotas back. Senators Bob Dole and Phil Gramm both have promised that, if elected president, they would repeal President Nixon's executive order requiring all government contractors to submit detailed "goals and timetables" for the hiring and promotion of minorities and women. Governor Pete Wilson has abolished some racial hiring quotas established by California law. Even President Clinton is reviewing the issue.

Perhaps the most dramatic movement is the California Civil Rights Initiative, which will be on the ballot next year and enjoys overwhelming support in public-opinion polls. The brainchild of two scholars, Glynn Custred and Thomas Wood, the initiative is based on the color-blind language of the Civil Rights Act of 1964: "Neither the State of California nor any of its political subdivisions or agents shall use race, sex, color, ethnicity or national origin as a criterion for either discriminating against, or granting preferential treatment to, any individual or group in the operation of the State's system of public employment, public education or public contracting."

Gaining Ground

There are six reasons why the repeal of government-mandated racial quotas is gaining the support of the American people:

• Racial preferences are discriminatory. It is just as wrong for the government to discriminate in favor of blacks and other minorities as it is to discriminate against them. Preferring one race to another is a violation of the Declaration of Independence, which holds that all men are created equal; of the 14th Amendment, which guarantees all citizens the equal protection of the laws; and of the Civil Rights Act of 1964, which explicitly forbids government-mandated reverse discrimination. This discrimination has real victims, such as the Asians denied admission to the University of California in spite of spectacular records, and would-be policemen and firemen who lose jobs to applicants who are substantially less qualified.

• Racial preferences violate the principles of American citizenship. Americans come from all races, all religions, all nationalities. What unites us as a nation is not a common origin, but a common commitment to our political institutions: the rights to life, liberty, and the pursuit of happiness; the Constitution; a self-governing republic. Martin Luther King Jr. brought Americans together—by speaking of what Americans have in common, by showing how the civil-rights movement fit into the American political tradition. Racial preferences do the opposite; they balkanize our country by emphasizing our differences.

• Racial preferences foster dependency on government. Ronald Reagan used to say that "the success of welfare should be judged by how many of its recipients become independent of welfare." So, too, the success of affirmative action should be judged by how many businesses become independent of set-asides, by how many individuals become independent of quotas in promotion and hiring. Unfortunately, all too many businesses have become part of a permanent affirmative-action industry.

• Racial preferences restrict freedom. Much of the creativity of a market economy comes from the freedom that individuals and businesses have to discover and use information. Bureaucratic, highly regulated affirmative-action policies endanger this creativity by denying businesses the freedom to hire and fire whomever they wish, and, in the case of employment tests that are forbidden because they have a disparate impact on races, by interfering with the free flow of information.

• Racial preferences fail to address the central challenge facing black America today: integrating poor black males into the American mainstream. The number of black men

Adam Meyerson *is the editor of* Policy Review.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in college has fallen behind even as affirmative-action preferences in college admissions have intensified: There are now only 540,000 African-American men in college, compared with 830,000 black women. The explosion of violent crime by young black men wasn't supposed to happen with affirmative action. Something drastically different must be done instead of racial preferences, or a generation of black men will be destroyed.

- Most perniciously, racial preferences lower standards and expectations. When African Americans and Hispanics are held to a lower standard than members of other groups, the implicit message is patronizing, even racist. The signal sent by different treatment is that African Americans and Hispanics cannot compete on their own, unless they are given a special handicap. To make matters worse, the very idea of standards is devalued in the culture of affirmative action, where a test is considered discriminatory if blacks and Hispanics don't score well.

It is no accident that the two institutions in which blacks have advanced the most rapidly in America, the military and athletics, are meritocracies with clear performance standards. Colin Powell did not become the chairman of the Joint Chiefs of Staff and one of the outstanding generals in American history by receiving special treatment in his performance reviews. The military, it is frequently said, is the only institution in America in which blacks regularly give orders to whites. This is because blacks in the armed forces have been given standards to aspire to, and the opportunity to achieve them.

By contrast, public schools in America set tragically low academic expectations for poor children, especially for blacks and Hispanics. The culture of affirmative action reinforces these low expectations, with a defeatist message that minorities can't make the grade, and that standards don't even really matter. The sad fact is that on average blacks and Hispanics do score poorly on standardized academic tests. But that isn't an indictment of the tests; it's an indictment of the school system and surrounding culture that discourage kids from achieving.

The literature of education is filled with stories of rapid academic advances by blacks and Hispanics in the face of higher expectations. Over the objections of fellow teachers and guidance counselors who said "these kids can't learn," Jaime Escalante turned Garfield High School, located in a working-class Mexican-American neighborhood of East Los Angeles, into one of the country's top advanced-placement calculus schools. Black and Hispanic freshmen in Georgia Tech's engineering program outperform whites, thanks to a rigorous orientation program based on immersion in math and chemistry.

In New York City, the number of black ninth-graders passing the New York State Regents' science exam doubled from 6,000 in 1994 to nearly 13,000 in 1995, while the number of Hispanics passing the test tripled from 3,000 to over 10,000. The difference? In 1995, at the insistence of New York City School Chancellor Ramon Cortines, black and Hispanic students were expected to take Regents-level science courses and succeed in them. Prior to that, they were expected to fail.

Expectations make all the difference for modest levels of achievement as well. During the early 1980s, Florida established a functional literacy test as a criterion of high-school graduation. Florida schools now give diplomas only to students who pass a test measuring whether they can fill out basic job application forms, do basic kinds of comparison shopping, balance check books, and otherwise participate in a modern society. At first, 80 to 90 percent of black 12th-graders failed. The test was challenged in court by the Legal Services Corp. on the grounds that it was discriminatory. But Florida gives students five chances to sit for the exam, and 90 percent of black 12th-graders now get passing scores. Those graduates are much better off for being forced to achieve a minimum level of competency.

The Best Affirmative Action

The best affirmative action offers opportunities to outsiders without lowering standards and expectations. This means holding the members of all races to the same high standard and, if necessary, giving people the extra training they need to make the grade. It means not reserving particular jobs for blacks. It means making a genuine effort to find African Americans—and other Americans of all races—who might be overlooked but who have the capacity to excel. This is frequently a judgment call, for the capacity to excel is determined by leadership ability, strength of character, intellectual creativity, and other attributes that can't be easily measured by standardized tests. Precisely because it is a judgment call, it does not lend itself to bureaucratic oversight in the form of quotas, goals, or timetables.

The nomination of Clarence Thomas as associate justice of the Supreme Court is a wonderful example of this judgment. President Bush and his advisers sensed that Thomas, though he did not yet have much judicial experience, had the constitutional understanding, the moral courage, and the intellect to become a distinguished judge—and also to become a national hero among conservative blacks in the way that Justice Thurgood Marshall was a national hero among liberals. As a result of Thomas's race, President Bush may have looked at his qualities more closely than he otherwise would have at that stage in the judge's career. But it was Thomas's qualities, not his race, that led to the nomination. There was no lowering of standards. On the contrary, the Thomas nomination is now seen, at least by conservatives, as Bush's most significant enduring domestic-policy achievement.

Americans of all races can take pride in the growing leadership of African Americans in political, economic, and cultural life. It is one of the great success stories of American history, rivaling the stories of the pioneers, of immigrants, of inventors and entrepreneurs. It is a quintessential American story of determined people overcoming hardship to make the most of our blessings of liberty.

Government-imposed racial preferences played an important part in this story, by smashing through the institutional barriers to black advancement that were the legacy of centuries of discrimination. But reverse discrimination was always a questionable remedy to earlier prejudice. By failing now to offer opportunity to poor black males, racial preferences have outlived whatever usefulness they may have had. It is time for them to go.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

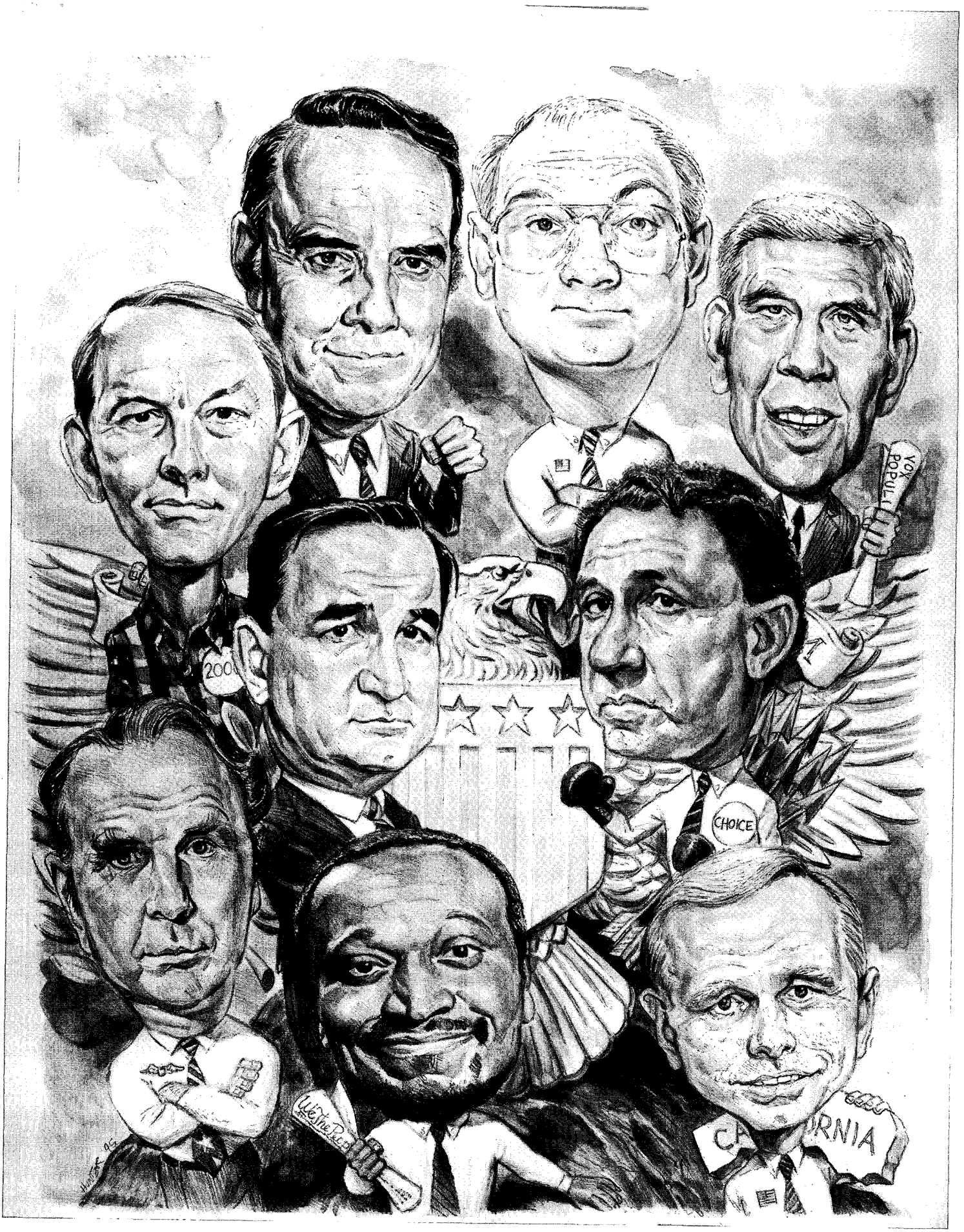


Illustration by Alexander Hunter

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

My Guy

Why My Presidential Candidate Is Mr. Right

Daniel Casse *on Lamar Alexander*

Paul Gottfried *on Patrick Buchanan*
William E. Dannemeyer *on Bob Dornan*
Mary Parker Lewis *on Alan Keyes*
Roger J. Stone Jr. *on Arlen Specter*

David Kuo *on Bob Dole*
Lewis E. Lehrman *on Phil Gramm*
Mitchell E. Daniels Jr. *on Richard Lugar*
Martin Anderson *on Pete Wilson*

As this issue went to press, nine political leaders had thrown their hats in the ring as candidates for the Republican nomination to challenge Bill Clinton in 1996. Policy Review *asked a conservative supporter of each one to explain why he backed his chosen candidate.*

Daniel Casse on Lamar Alexander

Lamar Alexander is an unorthodox, populist, and persuasive Republican leader. That is why I gladly moved from Washington to Nashville to work on his presidential campaign, and why I believe he will be the party's nominee in 1996.

Our legislative branch's leadership of national government is a temporary (albeit fascinating) phenomenon. But we need our next president to set the agenda, not take his cues from Congress. Conservatives should be looking for a candidate who can present a bold design for government along with the ability to execute it.

Lamar Alexander has the imagination, energy, and executive background to do both. The major themes of his campaign—growth, freedom, and personal responsibility—are indisputably conservative. But what distinguishes him is his unorthodox approach to politics, his populist style of governance, and his skills of persuasion.

Unorthodox. In 1978, Alexander was elected governor of Tennessee, only the third Republican to win that office this century. Nothing that followed was typical, either. He began his crusade to improve Tennessee's pitiful public-school system by introducing merit pay and master teachers, relatively radical notions that weakened the teacher unions. The National Education Association fought him vigorously. He ignored warnings that it was hopeless, fought back, and won.

Alexander broke new ground on other issues. At a time when most governors were using state airplanes to fly to Washington, Alexander closed Tennessee's D.C. office altogether. He chided other governors for behaving like senators. As early as 1981, he advised President Reagan to end the federal role in education. Four years later, he called two relatively unknown congressmen named Newt Gingrich and Trent Lott and invited them to join a small group of GOP governors to plot a united strategy for second stage of the Reagan Revolution.

He showed the same verve when he arrived at the Department of Education in 1991. By then, the intellectual excitement of the Bill Bennett years had passed, and the Bush administration's school-choice agenda amounted to little more than photo-ops with local education activists. Alexander understood that school choice—despised by country-club Republicans and misunderstood by most suburbanites—was at risk of becoming a political loser. His "America 2000" program was a true grass-roots initiative that breathed life into education reform. Conventional wisdom dubbed it a quirky agenda that offered little federal legislation. But it tapped into a decentralization movement that remains the only path to school choice. His 1992 school-choice bill was a true voucher program for public, private, and parochial schools, but the Democrats in Congress made sure it never came to a vote.

Populist. Alexander's well-publicized assault on Congress—"cut their pay and send them home"—is no mere slogan. It reveals his deep sympathy with the populism that has justifiably become the bedrock of conservative politics. An unapologetic champion of term limits, he sincerely believes that a citizen legislature would transform the character of the federal government. With none of Ross Perot's demagoguery, Alexander offers a mature, but no less revolutionary, brand of popular discontent with government in Washington.

While some Republicans still waver on the wisdom of block grants, Alexander is advancing the idea both philosophically and practically. He suggests ending the federal role in education, welfare, and job training altogether. He applauded the Supreme Court decision striking down the 1990 Gun-Free Schools Zone Act, an attempt to federalize local responsibility that every GOP senator supported. "*We*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

know what to do" is the central tenet of his populist conservative political theory, which holds that Americans should be given the freedom to make decisions about their own lives. Although every Republican will offer bromides about "states' rights" or "new federalism" during the coming months, Alexander's own policy prescriptions suggest a fully conceived populist vision.

Persuasive. If conservatives are to remake government, we must do more than merely express support for conservative ideas. We must also win over others not fully in our camp. It didn't take much leadership to point out that the Clinton health-care plan was a socialistic fantasy. The political challenge was to convince half the nation—including many Democrats—that the Clinton plan was bad medicine.

The job of president is almost entirely about setting a principled agenda and then persuading the country of its wisdom. Alexander's public career has prepared him to do just that. As governor, he led a Democratic legislature toward *his* goals. When 38 governors competed to get GM's Saturn division to build its plant in their states, Tennessee won, in part because Alexander convinced the company's executives that a right-to-work state with school choice, merit pay, and no income tax was the best environment for business. No tax breaks were involved.

As the chairman of the National Governors Association, he transformed its agenda by convincing fellow members—including Bill Clinton, John Sununu, Dick Thornburgh, and Michael Dukakis—that they should end their obsession with Washington issues and focus on state matters instead.

A president who is at once unorthodox, populist, and persuasive will quickly establish a very different type of presidency. But that is exactly what conservatives and libertarians should be looking for next year.The danger we face is that, with an irreparably damaged president in the White House, Republicans will try to coast to victory in 1996 on a poll-driven platform of GOP boilerplate. Alexander will offer none of that blandness. He governed Tennessee in the 1980s in much the same way that Wisconsin's Tommy Thompson and Michigan's John Engler govern in the 1990s. True, his view of the role of the federal government may be at odds with much of established Washington. But it is a view understood and applauded around the country.

DANIEL CASSE *is the director of policy for Alexander for President. He was previously the policy director at the Project for the Republican Future.*

PAUL GOTTFRIED ON PATRICK BUCHANAN

The announcement by Pat Buchanan of his candidacy for the Republican presidential nomination has done more to change the Republican race than has the entry of any other candidate. More than any other contender, Buchanan represents the populist right and has fought all of its enemies. He has tangled with the liberal media; the gay, feminist, and civil-rights lobbies; and the corporate economic interests allied with big government. He has also dished out, in his provocative speeches and blistering columns, fully as much as he has taken. There is a certain bulldog tenacity about him that even his bitterest opponents acknowledge. When Buchanan believes he has been unfairly attacked, he stands his ground, and he shows as much civility or incivility to his critics as they display toward him. In 1992, I thought that he should have done more to defuse accusations of being anti-Jewish, a charge that plagued him particularly after he had linked support for the Gulf War to the activities of Israel's "amen corner." But Buchanan would not apologize for what he—and others, including commentators Michael Kinsley and Rabbi Jacob Neusner—took to be a false charge. As he told his Jewish advisers, he would not dignify a "libel" charge by responding to it.

No, I do not always agree with Buchanan's positions, but they are honestly stated and consistently held. Unlike senators Gramm and Dole, he has not waffled on affirmative action or aid to illegal aliens, which Buchanan has always opposed. And like Alan Keyes, but unlike most of the other Republican candidates, he is genuinely opposed to abortion.

Equally important to me are the populist themes that resonate in his campaigns. In the *Wall Street Journal* in 1993, Irving Kristol predicted the inevitable success of a national leader carrying out Buchanan's ideas. Buchanan's passionate concerns—violent crime, immigration controls, the disintegration of morals, and the disappearing jobs of American workers—are now, according to Kristol, widely shared. New York cabdrivers, even those from the Third World, express most of these concerns with equal vehemence. Kristol is no friend of Buchanan or his candidacy, but he does recognize the timeliness of his populist themes—and the foolishness of those who would resist them.

Buchanan belongs to a movement that is also sweeping Europe. In Italy, Austria, and Germany, there is a surging populist protest against capricious public administration. There is also a growing demand that government bring itself into line with the beliefs and traditions of those it is intended to serve. Democracy, populists maintain, is not an exercise in sensitivity training or the formulation of administrative policy. It is the practice of self-government by self-identified communities, whether regional or national.

When the popular will seeks to affirm traditional morality or limit the political community, but is disre-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

garded or overruled judicially, then both democracy and citizenship are devalued. This is now a regular occurrence in the U.S. The populist call for both political accountability and true self-government has joined a conservative goal: the defense of family and traditional communities endangered by a therapeutic managerial state.

Buchanan personifies the populist revolt against this. Unlike neoconservatives and gentrified Republicans, he concedes nothing, rhetorically or programmatically. He calls for seismic change: devolution of power to states and open confrontation with moral and cultural revolutionaries posing as value-free judges or public servants. As president, he would not merely dicker with liberal administrators. He would find ways to dispatch them and, wherever possible, dismantle their agencies.

Buchanan's spiritedness and unwavering conviction persuade me that he would make a difference as president. Unlike Ronald Reagan, he would not leave the Washington power structure as he found it. He would make strenuous efforts to restore the dual federalism established by our founders.

Buchanan knows that genuine democracy must come from below. It cannot be mandated from Washington or, in imperialist fashion, imposed abroad. In our own country, democracy is an ideal to be recaptured, not a blueprint to be forced on other nations.

I doubt that Buchanan would be a rigidly isolationist president. His stern warnings against foreign entanglements have a constructive aim. He rightly fears that our own society is deteriorating in many ways. Especially now that our communist enemy is gone, it may be best to work on domestic problems instead of shouldering the burdens of other peoples.

Nor should we encourage unskilled workers from less developed lands to immigrate, take advantage of our social services, and displace those most at risk in our own work force. America, as Buchanan sees it, should hope neither to remake nor to absorb the rest of humanity. In contrast to the nationalism expressed by Ben Wattenberg, one of his frequent debating partners, Buchanan's nationalism has no global imperative and is respectful of cultural differences. Because of his feisty and principled character and his democratic counterrevolutionary vision, I shall cast my own vote in the Republican presidential primary for this *modest* nationalist.

PAUL GOTTFRIED, *a historian of conservatism, teaches politics at Elizabethtown College, in Pennsylvania. He is an adviser to the Buchanan campaign.*

DAVID KUO ON BOB DOLE

The elections of November 1994 did more than usher in the first conservative Congress in two generations. They also signaled the public affirmation of a conservative agenda. In so doing, they forced conservatives to change both their congressional and their presidential perspectives. Suddenly, long-held conservative hopes became new-found conservative realities. The balanced budget is fashionable—the only real question now is whether it will be accomplished through the budget process or through an amendment to the Constitution. Federalism is renewed and devolution is the new buzzword. Illegitimacy is bad and the family needs to be strengthened. As conservatives consider whom among the presidential candidates to support in 1996, the question is, "Who is best suited to take us to the next stage of our conservative realignment?" The clear answer: Bob Dole.

The next stage of the realignment is not for communication and symbolism, but for the detailed work of devolving federal power, strengthening families, and reasserting American interests abroad. It is a stage for implementing an agenda already defined.

Although some things may have caused conservatives some angst, the simple fact remains: On every serious issue on our agenda, Bob Dole is not only on board, he is the leader.

This is not a recent phenomenon. The man now calling for the abolition of the departments of Commerce, Housing and Urban Development, Education, and Energy is the same man who voted against creating both Education and HUD. The man now speaking out against our nation's social pathologies has a pro-life voting record of nearly 100 percent. The man now advocating a U.S. foreign policy based on American interests has been one of the leading voices in foreign policy for years. And the man who has pledged to balance the budget has made tough choices, year after year, on spending cuts.

Today, Bob Dole is arguably the most respected statesman in the country. He has proven himself an excellent strategist who remains cool under fire, a coalition-builder, and a political achiever. He has demonstrated both the courage and the decisiveness that will be required to implement our agenda.

Too often, conservatives have belittled and diminished legislative experience as a liability—suggesting that a man who legislates cannot be trusted with the ideological mantle. But as Ronald Reagan, George Bush, and even Bill Clinton have learned, accomplishing—legislating—is difficult business. Any agenda, however aggressive, however bold, however visionary is merely an agenda unless it is implemented. But Majority Leader Dole is not only a legislator, he is a master at getting things done. And President Dole would be able to translate his experience and ability into the tough work of reversing 30 years of growth in the welfare state.

Many contend that the president's most important role is commander-in-chief of our armed forces, and they may be right. Though Cold War pressures have receded, our recent dalliances in Somalia, Bosnia, and North Korea testify to the continuing need for serious and responsive leadership. Bob Dole, who has emerged as the leading Republican voice in foreign policy, would bring to the presidency a developed view of world affairs. His view combines two things: an expansive interpretation of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

America's role in the world and a personal and pragmatic understanding of the dangers of global involvement.

For someone who has worked for both the National Right-to-Life Committee and Empower America, all of these things are important. But the real source of my attraction to Dole lies elsewhere. The true reason I believe Bob Dole should be president of the United States stems from his character.

The presidency helps define the character of the country. People look to the president for leadership, inspiration, and guidance. The president should be someone to whom parents can point and tell their children, "Be like him." In Bob Dole, parents could point to someone who served his country in war, overcame physical infirmities thought to be insurmountable, and dedicated his life to serving the American people—all good and noble things.

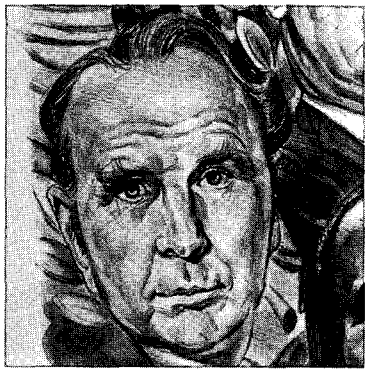
In the 1980s, following a decade of turmoil and the "malaise" presidency, America needed a particular kind of conservatism—an inspiring conservatism of sweeping visions, a conservatism that could hasten the downfall of communism abroad and the restoration of confidence at home. In President Reagan, it had an unparalleled leader. But America now needs something very different. It needs a conservatism that is still visionary, but one whose greatest virtue is belief in community and responsibility. In Bob Dole it has its rightful leader. His presidency would not only bury the aberration that is the Clinton presidency, but would also consolidate the conservative revolution. He has also proven himself to be a man who keeps his word.

DAVID KUO *has written speeches for the Dole presidential campaign and for Ralph Reed, Jr. of the Christian Coalition.*

WILLIAM E. DANNEMEYER ON BOB DORNAN

True leadership emanates from men who say the right thing at the right time to the people who need to hear it most. This is how I think of Bob Dornan. In my mind's eye I return to 1990, on a typically hot and humid July morning in Washington, D.C., where a not-so-typical debate began to boil on the floor of the House.

At issue was the expulsion of Representative Barney Frank, who had brought shame upon our institution for misjudgments involving a male friend and prostitute over an 18-month period. As the sponsor of the resolution to expel Frank, I can tell you that the experience was one of the most intensely sobering dramas with which I was ever involved in my 14 years of service in the House. It was not a time for the timid. Only four members spoke in favor of the expulsion. Bob Dornan was one of them.



Bob began his comments, "I have not been this nervous in this well in over a 14-year span in this House." And then he did something that has become trademark Dornan, something only courageous men can do under fire.

Knowing that he stood virtually alone, knowing that ridicule and contempt would be heaped upon him by Frank's defenders and a vicious liberal media, Bob turned and looked Barney Frank square in the eyes, not once turning his attention elsewhere, and said what had to be said to the man who needed to hear it most: "I don't care about the details. The devil is in the details. That is for you lawyers.... I will vote for expelling you because you did not have the honor or decency to resign."

Bob Dole, as inspirational as his life has been, would never have shown such leadership. Phil Gramm would have become invisible. Dick Lugar would have prayed that the moment would quickly pass. And Arlen Specter would have defended Frank. Under those circumstances, not one of these Republican candidates, who all serve in elective office, would have done what needed to be done or have said what needed to be said. This is a major reason why I support Bob Dornan for president.

Bob's conservatism is real. It is passionate. And it is based on a deep and abiding faith in God. I was glad, although not surprised, to hear Bob inject themes of liberty and virtue into the presidential debate. Unlike the congressional colleagues who have become his presidential competitors, Bob actually understands the historical, moral, and philosophical basis of these themes. He knows, and has stated, that we cannot be a free people unless we are a virtuous people. He did not need million-dollar handlers to tell him that. Nor did he need the incessant prodding of pro-family special interests to motivate his comments. He knows the relationship of liberty to virtue because he is a self-motivated student of truth.

History is one of Bob's closest friends. His life-long relationship with history has honed his bubbling idealism into a practical and balanced conservative philosophy. As a staunch proponent of lower taxes and lower federal spending, Bob knows the bounds of governmental authority, not only because he has worn this mantle of authority over the last 18 years in Congress but also because he has studiously examined history. From ancient Rome to modern America, Bob Dornan knows what makes nations rise and fall. The presidential rivals who serve with him in Congress haven't got a clue.

Bob Dornan is not the only good conservative in this race for the presidency. Pat Buchanan and Alan Keyes are also running—and I count each as my friend. Even so, when I have to choose, it is Bob Dornan I will support. Few other qualities in a presidential candidate could offset a lack of elected public service. Bob has been elected to Congress nine times, in Democratic districts. These experiences have built character that cannot be found anywhere else in politics.

Moreover, Bob's record of service both in and on behalf of the military is a nearly essential requirement of the role of commander-in-chief. I know Bob feels it is an absolute requirement. Through a variety of circumstances, he has witnessed first-hand how America has influenced the world for good and has developed the deepest appreciation for U.S. sovereignty. Bob Dornan would not rush us off to war, nor would he abandon genuine freedom fighters anywhere in the world. In determining this delicate balance, I know he would excel—always erring on the cau-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tious side in preserving American lives and sovereignty.

Bob Dornan belies the public persona crafted and manipulated by an adversarial media elite. His passion for life, his love of country, his deep commitment to his wife Sallie and their children and grandchildren, and his uncanny identification with all types of people sometimes make him an easy target for mean-spirited and shallow adversaries. Yet he has remained eternally optimistic about life and about the future of America specifically. Great men deserve even greater opportunities to show their mettle. This is why I unhesitatingly support Bob Dornan for president of the United States of America.

WILLIAM E. DANNEMEYER *is a former congressman from California.*

LEWIS E. LEHRMAN ON PHIL GRAMM

Who is the authentic heir of the Reagan Revolution, the iron man who can fulfill its promise? Who among us is the leader with the compelling vision, the experience, and the perseverance to lead us out of our time of troubles? I say I know such a man.

Born a son of the South, a grandson of Yankee immigrants, raised in Georgia, and grown to manhood in Texas, he has risen to leadership by virtue of his own remarkable energy and intelligence—just as he rose to the rank of legislative statesman as the senior senator from Texas. Phil Gramm is the man.

Born poor, self-made, and unencumbered by the cultural baggage of country-club Republicans, Phil Gramm's life has demonstrated the promise of the American dream: that every American, no matter how humble his beginnings, has the right and the opportunity to rise by indefatigable effort and indisputable merit as high as he might go. Phil Gramm will rise to the highest office in the land because he will, conventional wisdom notwithstanding, roll up the primaries in 1996. And he will win the general election going away.

This is how Phil Gramm will win! He will win with the most compelling campaign of conservative ideas. He knows what he believes and loves what he knows. He will win by recruiting legions of true conservative activists to embrace his definition of the American dream. He will win by the sheer force of his superior talent and leadership, which explains why he has built more organization, raised more money, and won over the vast majority of conservative activists who know where he stands.

Every true conservative who aspires to the highest office should uphold a clear program of reform designed to restore our limited constitutional government. Yet we know, from the failures and disappointments of the past, that a program by itself is not sufficient. Neither will it be sufficient in 1996 to choose careerism or time-serving political credentials.

The conservatives now assembled for victory have learned from hard experience that the man who leads us will only be sufficient unto the task if he has, in addition to the gift of intellect and a well-laid plan, something more. That something is true grit, unimpeachable character, and the irrefragable tenacity to carry his plan for a rebirth of the American dream to total triumph. We the people want a president of the United States whose impeccable conservative ideas and matchless record are joined with a driving will to win. We want a winner, a big winner, a man with a strategy for victory.

In the domain of political economy, Phil Gramm is the best-trained, best-equipped presidential candidate in American history. A free-market professor of economics long before it was trendy, a co-author of the Reagan economic program, he is the very apostle of low tax rates, a balanced budget, stable money, and a deregulated economy. Phil Gramm is without peer in his grasp of how to create full employment, long-term interest rates of 4 percent, and a tax code based on a flat rate.

In the domain of defense policy, Phil Gramm has prepared himself for the post-communist world. He has declared that he is "ready for a world where the lion will lie down with the lamb, and if such a world comes about, I want the United States of America to be that lion." No other policy is acceptable to Phil Gramm, whose presidential inaugural oath, registered in heaven, will require him to "preserve, protect, and defend the Constitution of the United States of America."

Believing as I do that economics and foreign policy are contingent, but cultural and social principles are central, what assurance does one have that President Gramm will encourage and foster the indispensable moral reformation of the public square? Speaking in May before Liberty University and The Heritage Foundation, Phil Gramm said: "Faith and family produced the values and virtues that helped make America the world's greatest and most powerful nation long before we had any of the trappings of greatness and power." Quoting Alexis de Tocqueville, Gramm said, "'Not until I went into the churches of America, and heard her pulpits flame with righteousness did I understand the secret of her genius and power. America is great because she is good, and if America ever ceased to be good, America will cease to be great.' I believe that Alexis de Tocqueville was right 160 years ago, and I believe he is right today."

In more specific terms, Gramm has argued that "the social-security net that we erected has become a hammock. Government programs...have changed the way we behave, corrupted our values, and diminished our virtue. As we look more and more towards Caesar to take care of us, we have turned more and more away from family and faith. In rendering unto Caesar, we have stopped rendering unto God."

And thus we are brought to consider the soul of the Republican Party as we debate its presidential nomination. During the greatest crisis of American history, the Republican Party of the United States was founded on the everlasting covenant of "free soil, free men, and free labor." And with the victory of our party and of President

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Lincoln came vindication of the inalienable right to liberty and the end of slavery in America. More than a century later, the Republican Party of Ronald Reagan came to stand for many things, but there was one unique covenant in the platforms of 1980 and 1984. Let us call it the one needful thing. And what is that thing? Senator Gramm described "the day when all unborn children are welcomed into life and loved when they get here." A Republican Party—indeed, a Republican president—without a commitment to the inalienable right to life, without unequivocal opposition to abortion, is as unthinkable as a Republican Party without Lincoln, the inalienable right to liberty, and unequivocal opposition to slavery.

We conservatives know that, after this imminent contest for the presidency, our philosophical agenda entails no less than the comprehensive reformation of our political institutions. But to pursue a goal without the right man and the right means to attain it is to court political disaster. Republicans are blessed with several authentic candidates. But I believe that Phil Gramm is the only leader with the intellect, the force of will, and the preparation for greatness who can marshall our forces for an overwhelming and irreversible victory over our foes.

LEWIS E. LEHRMAN, *the chairman of Lehrman, Bell, Mueller, Cannon, Inc., an economic and financial forecasting firm, raises money for the Gramm campaign. In 1982, he was the GOP and Conservative Party candidate for governor of New York.*

MARY PARKER LEWIS ON ALAN KEYES

For the millions of Americans who are brokenhearted over the decay of moral standards, the disintegration of families and neighborhoods, and the slaughter of innocents in the womb, Alan Keyes is the most powerful spokesman on the scene today. More than any other candidate, Alan Keyes offers a healing message of hope and renewal, based on the immortal principles of our great Declaration of Independence, and delivered without apology to the better angels of our nature.

The former president of Citizens Against Government Waste, Alan Keyes offers credentials second to none as a champion of Americans fed up with overtaxation, overspending, and overregulation. For example, when many Republican leaders were assuring us that Dick Darman's 1990 budget deal was a winner for George Bush and the GOP, Alan warned that the agreement would prove disastrous for taxpayers, the economy, and the party. Events proved him right.

Today the GOP endorses the policies of tax reduction, spending restraint, and local empowerment that Alan has championed for years. That is well and good. But as Alan eloquently reminds Republican audiences, economics is not at the heart of what ails America. Serious though they are, our economic problems are largely derivative, the consequences of having abandoned the moral and constitutional principles of the American founding. The transfer state is bankrupting America, but the transfer state comes into its own only when hordes of people see nothing wrong with living off the toil of others. In any event, moral vices produce the social problems for which government programs are inevitably proffered as solutions.

That's why Alan's front-and-center emphasis on moral issues is the only genuinely practical approach. Consider these words from his February 19 address to the New Hampshire Republican State Committee: "Why is it that we spend so much money on welfare and illegitimacy? Why is it that we spend so much money on crime and violence in our streets? Why is it even that we spend so much money dealing with the problems of irresponsible behavior that contribute to the decline of the health of this nation? I think you all know in your hearts what the real answer is. We don't have money problems, we have moral problems. And it's time we stood up and faced that truth." We will never succeed in relimiting the federal government until we restore the family to its rightful place as the first and best "welfare provider" and strengthen the marriage-based, two-parent family as the fundamental moral unit of society.

Of all the policies eroding the moral foundations of family life and American freedom, the policy of abortion on demand poses the greatest danger. There are, of course, many decent people on both sides of the abortion controversy. Nonetheless, the pro-abortion position is anti-family. As an institution, the family both depends upon and nurtures an ethic of duty and self-sacrifice. But the pro-abortion position fosters an ethic of self-indulgence. It says, in effect, that the convenience or pleasure of the adult is the supreme law.

Worse, the pro-abortion position implicitly justifies political despotism. The Declaration of Independence proclaims the right to life to be a gift from God and, therefore, inalienable. The pro-abortion argument assumes either that government (not God) is the source of rights, or that we have the right to decide whose humanity shall be recognized and whose shall not. Obviously, the doctrine that there are no natural rights (hence no natural wrongs) advances the ambitions of those whose chief interest lies in the expansion of government power. But liberty is also subverted when we claim the authority to decide who among us is human, and who is not. Alan put it this way in an April 8 speech to Delaware Republicans:

"Don't you realize that opens the door to every form of tyranny? Because all I have to do if I want to snuff out your life or trample on your rights is decide that you're not human. And of course you'll look at me and say, 'But you can't do that.' And I'll say, 'Well, the last time the American people decided they were going to draw the line, my folks ended up on the wrong side of it.' And I don't think it was because we had the poor judgment to draw the line in the wrong place. I think it was because we claimed a right we do not have. We do not have the right to draw that line. God drew it, and all we have the right to do is respect His will."

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Slavery and abortion on demand are both what Alan calls "Declaration issues"—moral wrongs that must be addressed because they contradict the basic premise of a self-governing polity. I believe Alan sees so deeply into the nature of the abortion controversy because he has thought long and hard about slavery and the black experience in America.

Keyes's book, *Masters of the Dream: The Strength and Betrayal of Black America*, is not just an antidote to decades of left-wing revisionism. It is a meditation on the universal significance of the black experience—the moral and civic lessons to be learned therefrom. Slavery did not make blacks slavish, nor did material deprivation turn them into passive victims. Rather, slavery whetted their natural thirst for freedom, much as it did to the Hebrews of old. Deprivation taught them to recognize the true, non-material basis of human dignity. To survive in the face of adversity, blacks had to become diligent, dependable, hopeful. They learned to honor hard work, self-discipline, family, and the riches of the spirit. Such qualities of moral and spiritual strength are the key to restoring the true American dream—the dream of freedom.

Beginning in the 1960s, black America was betrayed by the same forces that are destroying the dream for all Americans: the perverse incentives of the transfer state, and the debilitating doctrines of sexual permissiveness and moral relativism. Alan Keyes's candidacy is a candidacy like no other. Drawing on the moral lessons of black history, the imperishable truths of the Declaration, and the arts of statesmanship, Alan Keyes will elevate the 1996 presidential contest to a plane not seen in America since the Lincoln-Douglas debates.

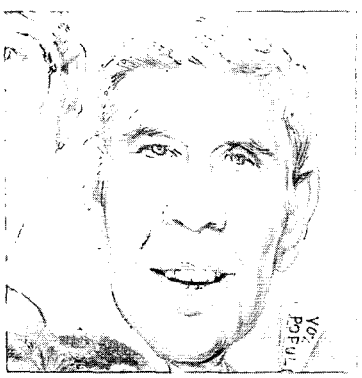
MARY PARKER LEWIS *is the general manager of the Alan Keyes for President campaign.*

MITCHELL E. DANIELS JR. ON RICHARD LUGAR

As they search for the best national leader in 1996, conservatives should look beyond words, votes, and even public actions. The true measure of authenticity must encompass not only what a man has shown to the camera, but also what he has shown to his family, his neighbors, and his Maker. For Dick Lugar, conservatism is not merely a school of thought, it is a way of life, and it is in that context that he emerges as the right man to lead America back to strength and virtue.

By every conventional yardstick, Dick Lugar has been a rock of conservative principle and consistency. As the mayor of Indianapolis, he cut taxes five times in eight years, and battled tirelessly against federal intrusion into state and local autonomy. As a senator, he has amassed a voting record in the most conservative fifth of each Congress in which he has served; statistically, he was Ronald Reagan's number-one supporter for the eight years of the 40th presidency.

Lugar's campaign for the presidency is animated by these same bedrock beliefs. His determination to shrink government and reduce spending is confirmed by his ongoing, often lonely battle to cut agricultural subsidies and free American farmers to plant for the market, not the government. Like Churchill, he believes that "The responsibility of Ministers for the public safety is absolute and requires no mandate. It is in fact the prime object for which governments come into existence." He knows, and is unafraid to state, that the safety of our country cannot be left to chance, but will demand American activism on nuclear proliferation, ballistic-missile defense, and terrorism.



Dick Lugar rejects the current establishment's constrained vision of a U.S. economy growing at only 2 or 3 percent per year. His clarion call to abolish all taxation of enterprise is the single most radical and promising idea on the 1996 agenda. Alone among the candidates' reform proposals, it would uproot today's entire anti-growth, anti-savings regime of income, capital-gains, and estate taxation, and turn loose a 1980s-like explosion of investment, exports, jobs, and higher incomes.

But for all its macroeconomic appeal, the true significance of the Lugar tax plan lies in its underlying values. Leapfrogging the flat tax and its imitators, Lugar would abolish at a stroke the most dehumanizing aspects of modern statism: the invasions of privacy, the abuses of power, the insidious invisibility of withholding, and the unspoken assumption that income belongs to the state rather than the individual. Through their consumption decisions, individuals would have full control of the rate of their taxation. In a real sense, Dick Lugar's tax plan is the ultimate expression of conservative philosophy.

Anyone can write a platform. Many have compiled positive records of words, votes, and public deeds. It is the rarest of public men who can also lead a life in complete congruence with the principles he espouses.

Dick Lugar has lived the virtues of self-discipline, duty, devotion to country, and religious faith that we all admire but practice imperfectly. He was first in his class in high school, first in his class at college; he has been a Methodist lay minister, and an Eagle Scout. Like Bill Clinton, Dick Lugar visited the American Embassy in London while he was a Rhodes Scholar; unlike Clinton, Lugar went there to enlist in the U.S. Navy.

Lugar served his country with distinction, including a stint as intelligence briefer to Admiral Arleigh Burke, the chief of naval operations. Returning to his home town, he saved a struggling family manufacturing business, carried on the family farming operations, and with Charlene, his wife (and co-president of their college's student body), built his own little platoon of four sons. As a school-board member, he fought for racial integration and against forced busing. That brought him to the public's attention, and eventually to an elective career. But throughout his public life, he has remained closely involved in both his businesses. Dick Lugar has always been a citizen legislator.

When President Lugar calls Americans to reassert the moral superiority of hard work, personal responsibility, intact families, and respect for life, his conviction will not

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

be drawn merely from congressional testimony of the latest policy analysis. His leadership of a cultural recovery in our country will be grounded in a life of commitment to virtues early learned and deep embedded.

The conservative revolution is yet to be won. Building upon the congressional breakthrough of 1994 will require the election of a Republican president, and not just any Republican will do. Total triumph will only be won by a president who can attract and hold the respect and affection of millions of citizens.

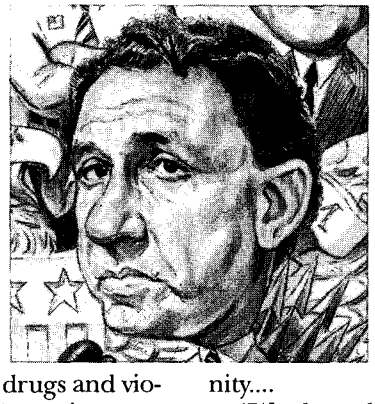
Dick Lugar's brand of inclusive, reasoned, friendly conservatism has allowed him to build larger coalitions and shatter electoral records throughout his career. Just as he is the candidate most certain to disarm President Clinton in a general election, he is the man best equipped to win the enduring trust of the larger majorities whose support will consummate the conservative crusade.

MITCHELL E. DANIELS JR. *is the president—North American Pharmaceutical Operations, Eli Lilly and Company. He was chief of staff to Lugar from 1975 through 1984, and served as Assistant to President Reagan for Political and Intergovernmental Affairs in 1985-87.*

ROGER J. STONE JR. ON ARLEN SPECTER

Arlen Specter is a Jew, he comes from a big city, he has a record of commitment to racial equality (without quotas), he's pro-choice, and he believes strongly in tolerance and the First Amendment doctrine of church-state separation. For social-issue conservatives who take their marching orders from Pat Robertson and Ralph Reed, who believe in Pat Buchanan's "holy war" for the soul of America, some or all of these factors probably make Specter's candidacy anathema. Frankly, this article is not addressed to them.

The conservatives to whom this article is addressed are conservatives like myself—the kind of conservatives I met in 1964 as a member of Young Americans for Freedom, fighting the good fight for Barry Goldwater; the conservatives I led as National Chairman of Young Republicans, and worked with beginning in 1976, and then in 1980 and 1984, to give America eight magnificent years of a Ronald Reagan presidency; and the supply-side conservatives I worked with in Jack Kemp's 1988 presidential campaign in an effort to continue that tradition.



This article is addressed to conservatives who, like Barry Goldwater, believe that government ought to get off our backs, keep out of our pocketbooks, and stay out of our bedrooms. This article is addressed to conservatives who, like Ronald Reagan, believe in a strong America: strong enough militarily to secure our interests and keep the peace around the world, strong enough domestically to win the war against drugs and violent crime on our streets. This article is addressed to conservatives who, like Jack Kemp, believe in an American future of unlimited economic opportunity and unprecedented growth fueled by low taxes, free trade, and free markets.

To those libertarian conservatives, who I believe are the true core of American conservatism, I say Arlen Specter is *your* candidate. In Arlen Specter, you will find a senator with a strong record of conservatism that goes back to his first days in the senate. In the Specter '96 campaign, you will find a program thoroughly grounded in conservative ideals and ideas, and a candidate committed to fiscal and economic conservatism who has the best chance of beating Bill Clinton in a general election.

First, the Specter record. Arlen Specter came to the Senate in 1981 with an outstanding background in law enforcement as Philadelphia's district attorney, where he fought successfully to end plea bargaining and win stiff sentences for violent criminals. In the Senate, he immediately made tough anticrime policies a legislative priority, and authored the 1984 Armed Career Criminal bill, the first federal law to use "three strikes" to get long-term jail terms for repeat offenders. A strong believer in the deterrent force of the death penalty, Arlen Specter has for 15 years been the driving force in Congress to put teeth back into state death-penalty laws by eliminating ridiculous judicial delays in carrying out death sentences.

Throughout the Reagan presidency, Arlen Specter was a solid supporter of the revitalization of the American military, including the Strategic Defense Initiative. He firmly opposed any effort to relax the Cuban embargo. He has been at the forefront of the fight to combat terrorism at home and abroad, and was a leading Senate voice in support of the Gulf War resolution. Recently, he has been a vocal Senate force in opposition to the Clinton administration's appeasement of North Korea and its pointless risk of U.S. lives in Haiti.

Specter's fiscal record in the Senate is solidly conservative: long-time support for both a balanced budget amendment and the line-item veto (including sponsoring his own legislation during his second term); support for the Reagan era tax cuts; and, early this year,his own flat-tax bill—the Senate's only such legislation.

For the same reasons that Specter has opposed government interference into Americans' private lives, he has always opposed gun-control and supported the rights of law-abiding citizens to own firearms. He believes that swift, certain, and severe punishment of criminals, not confiscation of guns from the public, is the effective way to fight violent crime.

The defining themes of the Specter '96 campaign are squarely conservative. As Arlen Specter said in announcing his candidacy last March:

"With the election of a Republican Congress in 1994 and a Republican president in 1996, we have a unique opportunity to move America toward unprecedented prosperity and unlimited opportunity....

"We do so by implementing our core Republican values: smaller government; less spending; lower taxes; civil rights and liberties; strong national defense; and effective crime control.... I stand before you today as a man willing to work with every ounce of my energy and every fiber of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

my determination to renew once again the dreams of freedom and opportunity that for 200 years have made this nation the envy of and the example for the world."

In his announcement speech, Specter made just two specific pledges on domestic policy, and both reflect the fundamentally conservative orientation of his governing philosophy: to balance the budget by 2002 (and to write the first check to *reduce* the national debt in January, 2003); and to deliver a flat-tax bill to the Congress at his own inauguration.

The flat-tax concept—a single 20 percent tax rate on all business and personal income, elimination of all loopholes and deductions except for a portion of home-mortgage interest and small charitable contributions, *and no taxation on interest, dividends, and capital gains*—has become the economic centerpiece of the Specter campaign. As welcome as specific tax cuts might be, they are mere Band-Aids for a tax system that is long on bureaucrats, rules, and regulations and short on incentives for economic growth. The future of conservative fiscal policy lies with the flat tax—House Majority Leader Dick Armey said the next president would be elected on a flat-tax platform—and Arlen Specter is the *only* Republican candidate to commit foursquare to such a system.

Conservatives need to be realists. We need to recognize that Bill Clinton is not as vulnerable as he once seemed or as we might like. The 1996 Republican nominee will face in Bill Clinton an energetic campaigner, a president determined to use the considerable powers of incumbency in support of his reëlection, and a man zealously supported by interest groups determined to retain their last link to political power. As conservatives, we need a Republican nominee who can defeat Bill Clinton in a general election—and that means Arlen Specter.

Since 1980, Arlen Specter has won three tough Senate races (and two tough primaries) in a bellwether state where Democrats have always far outnumbered Republicans. In 1992, despite the fury of radical feminists over his defense of Clarence Thomas, Specter carried Pennsylvania by three points while George Bush was losing the state to Clinton by a million votes. Arlen Specter has a reputation as an indefatigable campaigner—a reputation I can tell you is well deserved. He has the intellect, tenacity, and toughness to take on Bill Clinton in a presidential debate—and to win going away.

In Arlen Specter, conservatives have the chance to support a candidate committed to a balanced budget and a flat tax at home, and to the restoration of American strength, resolve, and credibility abroad; a candidate who has the knowledge and experience to lead a national war on crime and drugs; and a candidate who can win the White House on these issues. Conservatives who see themselves as heir to the libertarian legacy of Barry Goldwater, the Reagan tradition of American strength abroad and limited government at home, and the Kemp commitment to broad-based growth and prosperity belong in his camp.

ROGER J. STONE JR., *a long-time Washington political consultant, is general chairman of the Specter '96 campaign. Stone served as a political advisor to presidents Nixon, Reagan, and Bush.*

MARTIN ANDERSON ON PETE WILSON

Today the commonsense conservative philosophy that so many have fought for, for so long, holds sway in the Supreme Court, in the U.S. Senate, and in the House of Representatives. There is only one piece missing in the conservative political jigsaw puzzle—the White House. When that piece is in place, a picture of real political revolution will emerge, a revolution that could roll on well into the next century.

That is why the stakes next year are so high.

There have been three successful conservative Republican presidents elected in our lifetimes—Dwight D. Eisenhower, Richard Nixon, and Ronald Reagan. I've worked to help elect and then serve with two of them, and I believe there are certain requirements that a person must have to win the Republican nomination and then the presidency.

Here's the short list:

- They must have rock-solid conservative views on national security and economic policy, and they must be in accord on a wide range of social issues important to the conservative base of the Republican party.
- They must be political warhorses, with a powerful political base—preferably California (54 electoral votes), New York (33 votes), or Texas (32 votes)—and skilled campaigners. Executive experience in government is a big plus.
- They must have high intelligence, great stamina, and a record free of scandal. Running for president against any incumbent Democrat, in the teeth of a hostile, liberal press, is a mind-numbing, exhausting gauntlet.

The Republican candidates running for president in 1996 are a distinguished group; any one of them would be a dramatic improvement over President Clinton. By the fall of 1995, it is likely that the race will narrow to three men: Senator Dole, Senator Gramm, and Governor Wilson. They are all good men, but I believe that one of them—Pete Wilson—best meets the criteria for getting nominated, getting elected, and governing successfully.

Peace and National Security. Pete Wilson has a strong, consistent record of conservative positions on national defense and foreign policy. Known as a national defense hawk in the U.S. Senate, he was a leading supporter of President Reagan's Strategic Defense Initiative (SDI) and one of the few who called for early deployment. An expert on strategic nuclear policy and arms control he was a critic of the SALT II treaty and backed President Reagan's INF treaty.

As governor, he has been an outspoken critic of President Clinton for squandering U.S. prestige and influence around the world and cutting national defense spending to dangerously low levels.

In the 1950s, he was a platoon leader in the U.S.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Marines. On national-defense matters, they don't come any tougher than former U.S. Marine officers. On national security, Pete Wilson is as tough a defender of U.S. interests as any Republican running.

Prosperity and Economic Policy. As a U.S. Senator, he consistently supported both a constitutional amendment to balance the federal budget, and line-item veto authority for the president. As a candidate for the Senate, he strongly opposed the 1982 tax increase; and as senator, he voted against President Bush's 1990 tax increase.

When he became the governor of California in 1991, he inherited the worst economic mess in the state's history. The deficit facing him was one third of the state's general fund request, comparable to a $500 billion deficit in today's federal budget, but with one big difference—the California constitution mandates a balanced budget. Unlike Washington, where you can take seven years to achieve fiscal responsibility, he only had one year and a legislature controlled by Democrats. Although some taxes were raised, the lion's share of that deficit was eliminated by tough spending control.

In fact, during the four years of his first term he held spending flat in current dollars. If you account for inflation, real spending went down—not from some bogus baseline projection, but from actual 1991 spending levels. If the federal government had exercised comparable toughness, the federal budget would be in balance today.

California also went through a few other trials—drastic defense-industry cutbacks, the collapse of real-estate values, fires, floods, mudslides, riots, and earthquakes. But Pete Wilson's tough spending control, unmatched in any other state, laid the foundation for a strong economic recovery that confounded the experts—a recovery strong enough to generate sufficient new tax revenues to pay off temporary debts, to fund spending increases for education and law enforcement, and to propose a 15 percent across-the-board tax cut for all individuals and businesses. If the Democratic-controlled legislature refuses to pass the tax cut, Pete Wilson has vowed to hold a statewide ballot referendum and let the voters decide. When passed, the new tax rates will be *below* what they were when he took office.

Pete Wilson is the only Republican candidate proposing a true supply-side tax cut—not increased deductions or exemptions, but an across-the-board reduction in tax rates.

Speaking to the Republican Midwest Leadership Conference on May 19, 1995, he spelled out the Reagan supply-side formula for economic prosperity: "If we both cut taxes and cut spending...there is every reason for not just optimism but for justified confidence in America's dynamic growth."

Justice and Social Issues. Here his record is overwhelmingly on the side of conservative values, a clear sense of what is right and wrong, and of achieving justice. Pete Wilson, the governor of our largest state, took the lead not only in reforming welfare, but also in actually cutting the amount of benefits paid. He was the first political leader to sound the alarm on the injustice of paying billions of taxpayers' dollars for the welfare, medical care, and education expenses of illegal aliens. He led the battle for "three strikes and you're out" for career criminals, locking them up for life after their third felony conviction.

A supporter of term limits for politicians and the kind of federalism the Founding Fathers intended for the United States, he has led the fight against the heavy hand of federal mandates, declaring that California is "not a colony of the federal government."

He has fought for regulatory and legal reform, proposed a state constitutional amendment to limit regulatory excesses, and issued an executive order suspending the environmental regulations that contributed to the recent flood damage. He has consistently vetoed legislation that would extend special rights to gays, while opposing measures that would discriminate against them. Pete Wilson, an expert pistol shot when he served in the Marine Corps, has always supported the fundamental Second Amendment rights of Americans to keep and bear arms, subject only to some commonsense restrictions that support law enforcement. On affirmative action, he has called for commonsense justice—a color-blind society in which people would be treated equally regardless of race or gender.

On the social issue that most troubles the Republican party today—abortion—Pete Wilson holds strong, consistent views. While fully aware of the deeply held beliefs of those who oppose all abortion and the reasoning behind those beliefs, he has also carefully considered the rights and responsibilities of the individuals involved, and the dangers of allowing an already too powerful federal government to intrude itself into the most intimate, difficult decision a woman can make. He strongly believes we should encourage the kind of responsibility that would make abortion unnecessary, that the question of abortion is best left to the family and church, and that we should try to remove this issue from the political arena to the extent possible.

Is this conservative? Well, it is the position shared by a substantial majority of the Republican Party. Considering the terrible moral dilemmas involved, it is a commonsense conservative view.

Electability. Most of my conservative friends are primarily interested in ideas and principles, but for those who are also concerned with mundane things like winning elections and taking power, I have a final thought.

If Pete Wilson wins the Republican nomination in 1996, he will win the 54 electoral votes of California in the general election. No Democratic nominee can be elected president without winning California.

Therefore, the nomination of Pete Wilson is as close to a guarantee as you can get that Republicans will—for the first time in 44 years—control both houses of the Congress and the White House.

If that happens, well then, as Ronald Reagan once said: "You ain't seen nothin' yet."

MARTIN ANDERSON *is a senior fellow of the Hoover Institution at Stanford University. He has worked in seven presidential campaigns and served as economic and domestic adviser to presidents Nixon and Reagan.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Specializing in rare books of free market economists, the great romantic authors of the 19th century, Ayn Rand and better modern writers.

Some Recent Offerings

1. Carnegie, Andrew. *James Watt.* 1st Printing. When he wasn't building the largest steel company in the world, Carnegie was a prolific author. *Inscribed by Carnegie to a fellow industrialist.*
2. *Fortune Magazine.* Many issues available from the 1930's to 1940's. One of the great magazines from the "Golden Age of Magazines." Great ads, illustrations, articles.
3. *Harper's Magazine.* Bound volume of issues June-Nov 1872, 950pp. Original bound volume in cloth and half leather. One of the premier magazines for educated 19th century Americans. All issues cover: exotic travel, current science, literature, and art, current events. This issue discusses: *Livingstone's discovery of Stanley in Africa* (which had occurred in Oct., 1872.) Also reviews of books by Anthony Trollope, Harriet Beecher Stowe, Longfellow, and Nathaniel Hawthorne. Profusely illustrated.
4. Hazlitt, Henry. *The Great Idea.* Appelton-Century-Crofts, 1951. 1st Printing. The original title, later to be published by Arlington House as *Time Will Run Back.* A novel about the re-discovery of capitalism in a futuristic Communistic WonWorld. A scarce - but very timely book. Some edge chipping to the dust jacket. Overall a better than very good copy.
5. Hugo, Victor. *Les Travailleurs De La Mer* (*The Toilers of the Sea*). Paris, 1869. Over 60 drawings by Chifflart. Many readers' favorite Hugo (reputed to have been Thomas Edison's favorite book.) *Signed and dated by Hugo.*
6. Paterson, Isabel. *The God of the Machine.* G.P. Putnam's Sons, 1943. 1st Printing. A highly original conceptualization of the underpinnings of freedom and capitalism. About very good in very good dust jacket. Now scarce book.
7. *Punch.* Original bound volume Jan-June 1937 (24 issues), 728 pp. The incomparable British humor/satire magazine. Loaded with cartoons and British wit. Beautifully bound in maroon cloth, gold embossed, top edge gilt. An anglophile's treasure.
8. Rand, Ayn. *Anthem.* Cassell, 1938. The 1st (and only) Printing. The original (later revised) version of the author's famous novelette.This title has become *rare.* With dust jacket, even rarer. Overall a better than very good copy in *a near fine dust jacket.* Rare in any condition, this is an unusual opportunity to obtain a superb copy.
9. Rand, Ayn. *Atlas Shrugged.* Random House, 1957. The 1st of many printings. According to a Library of Congress survey, the second most influential book of our times (the Bible is still #1). The demand for this book is unparalleled and the price is steadily rising year by year. This copy near fine in near fine just jacket.
10. Rand, Ayn. *We the Living.* 1st (and only) Printing. Macmillan, 1936. The original (later revised) version of the author's first novel. A better than very good to near fine copy. Scarce—and especially so in this condition. Lacks the now rare dust jacket.
11. *St. Nicholas Magazine.* Original bound volume of all issues from Nov 1887 - Apr. 1888, 480 pp. One of the leading American Victorian children's/young adult's magazines. this issue includes contributions by John Greenleaf Whittier, Louisa May Alcott, Francis Hodgson Burnett and Palmer Cox.
12. Wiggin, Kate Douglas. *Rebecca of Sunnybrook Farm.* Houghton, Mifflin & Co, 1903. The rare true 1st printing, 1st issue, with publisher's imprint on spine 1/16th" high and the sentence on p. 327 reading, "bricks, glowing in the sun of that October noon." A better than very good copy of (arguably) the author's best, and certainly most famous, book.

COMING SOON

Signed & numbered limited edition
The Letters of Ayn Rand
edited by Michael Berliner

Call or write for next catalog.

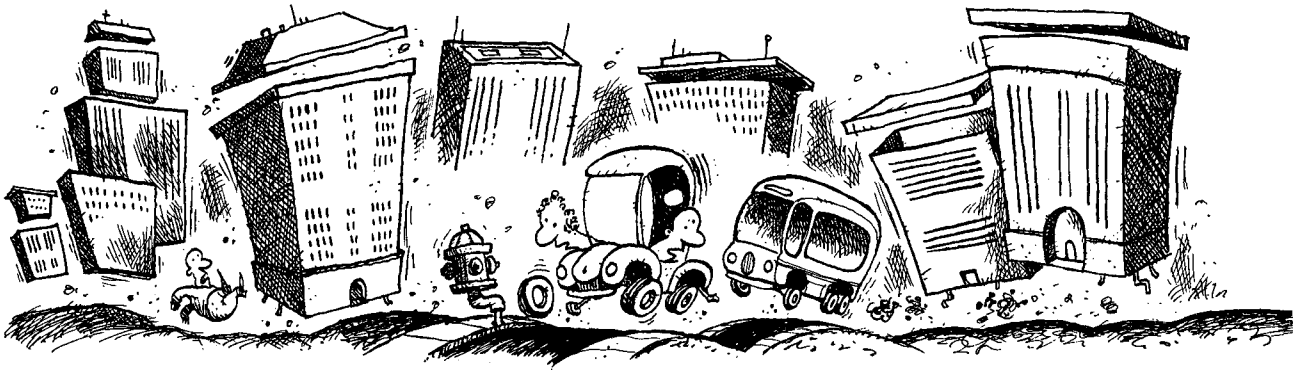
Book Searches Welcomed

(201) 567-5620
335 Jefferson Avenue
Cresskill, NJ 07626

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

100 Days That Shook the World?

The Historical Significance of the Contract With America



John J. Pitney Jr., William A. Rusher, Burton W. Folsom Jr., Jeff Jacoby, Alonzo L. Hamby, Mona Charen, Deroy Murdock, Sally C. Pipes, Mike Siegel

Big Government was consolidated in America in the First Hundred Days of the presidency of Franklin Delano Roosevelt. By promising that the House would enact the Contract With America in the First Hundred Days of the 104th Congress, Speaker Newt Gingrich deliberately invited the history books to compare the work of the House Republican leadership with the New Deal of FDR.

Policy Review *asked nine students of American politics to assess the historic significance of Gingrich's First Hundred Days, and the principal achievements and errors of the House Republican leadership during this "rendezvous with destiny."*

John J. Pitney Jr.

At first glance, it seems that the House GOP's First Hundred Days compare badly with FDR's. Although all the items in the Contract With America reached the House floor, only two of them (congressional compliance and unfunded mandates) became law before the hundredth day. By contrast, FDR signed bushels of bills during the Hundred Days of 1933. His emergency banking measure went through introduction, passage, and signature on the very first day of the congressional session—and in less than eight hours.

It is unfair, however, to judge today's House Republicans by the Roosevelt standard. Crisis is the great lubricant of the legislative process, and the economic calamities of FDR's early days briefly suspended Capitol Hill's normal friction. And odd as it may sound, many aspects of public life actually moved faster in 1933 than in 1995. Take justice, for instance. Shortly before FDR took office, a man named Giuseppe Zangara fired five shots at the president-elect, missing him but killing one person and wounding four others. Zangara was tried, convicted, and executed within 33 days. In the 1990s, jury selection alone can take longer than that, and capital offenders can stay out of the electric chair for years by filing endless *habeas corpus* petitions.

Government has become tangled in its own red tape—which is precisely why the Republicans put so much emphasis on procedural reform. They started with the House itself, recognizing that the institution would work more efficiently with fewer committees and smaller staffs. The best symbol of their commitment to renewing Congress came with the congressional-compliance bill, which cleared both chambers faster than any peacetime domestic legislation since Roosevelt's banking bill in 1933. In other ways, the Republicans strove to make government leaner and less cumbersome. Proposals such as block grants would eliminate layers of bureaucracy and miles of red tape. And the GOP crime bill would restore rationality to the appeals process in capital cases, thereby ensuring swift justice for the Zangaras of the future.

House Republicans are pushing the federal government to match the pace of 62 years ago. Ironically, that is high praise.

John J. Pitney Jr., *an associate professor of government at Claremont McKenna College, is the co-author of* Congress' Permanent Minority? Republicans in the U.S. House.

William A. Rusher

The First Hundred Days of the new House Republican leaders will deserve that well-worn adjective "historic" even if relatively few of the measures listed in their Contract With America ever become law in a form they would recognize. For the central achievement of the First Hundred Days was to change the whole terrain and direc-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

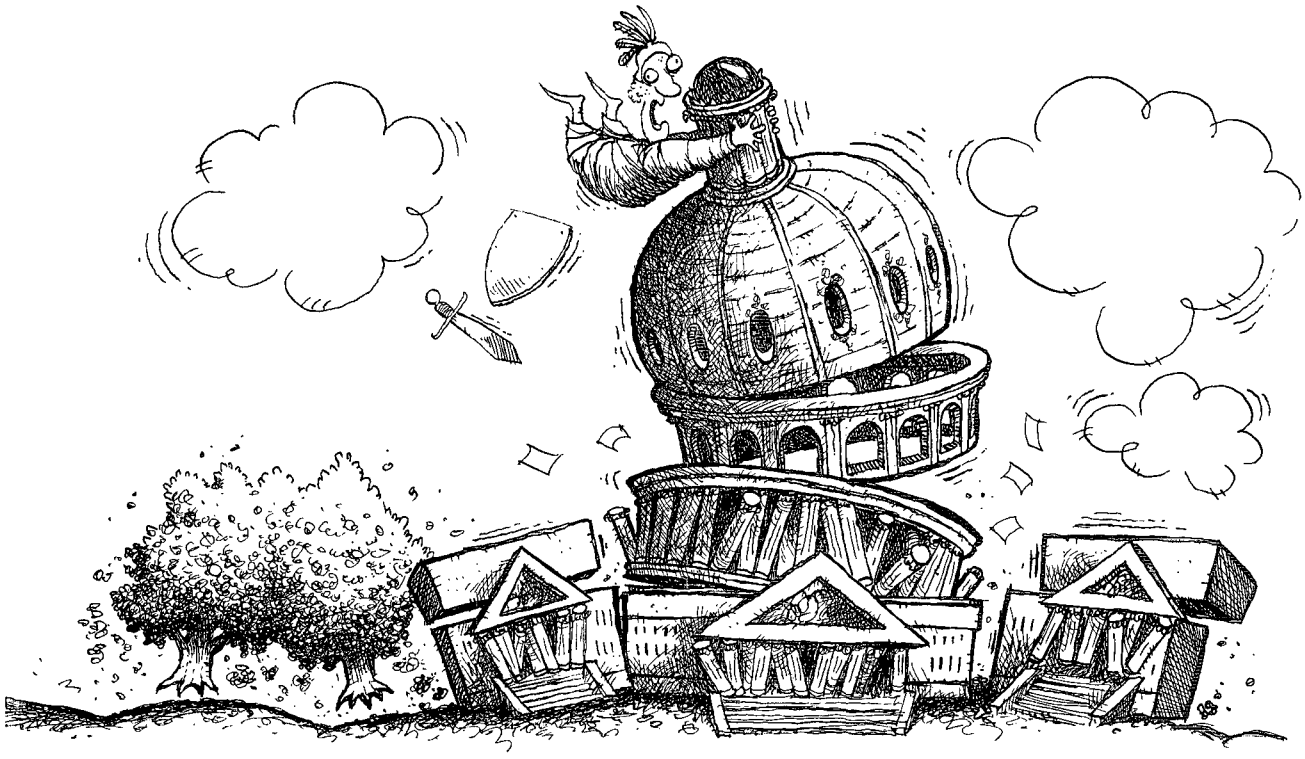


Illustration by David Clarke

tion of American politics.

Last year, the most that could be conceived, let alone hoped for, in the field of tax reform was a modest reduction in the rate of income taxation. Today—whether or not major changes occur in the first session of the 104th Congress—the serious talk among congressional leaders is about imposing a flat tax, or even tearing up the tax code by the roots and replacing the income tax with a broad-based tax on consumption.

Similarly, "welfare reform" in 1994 meant, at best, doing a little nipping and tucking on Aid to Families with Dependent Children. Today, the entire burden of administering most of the nation's huge welfare programs is on its way back to the 50 individual states, along with block grants to finance it.

And so it went, in one field after another, from unfunded mandates to the line-item veto; this new House of Representatives has dared to think and act in ways that have simply transformed the paradigms of American politics. It remains true that "politics is the art of the possible," but a huge number of new possibilities has opened up.

Whether the First Hundred Days of this House will ultimately deserve comparison to the First Hundred Days of Franklin Roosevelt's presidency depends upon how successful the Republicans are in setting their initiatives in concrete, as the New Dealers managed to set theirs. At this writing, and probably for several years to come, it is simply too early to tell. Much depends on how the voters react in November 1996, when they will, with their votes, make their first and perhaps most important comment on the Republican performance. Almost as crucial, however, will be the way in which future Republican presidents and Congresses follow up on the achievements of the 104th.

Any major mistakes? Yes, one: The failure to anticipate and prepare for the Democrats' counterattack, based on the tired old charge that Republicans want to starve America's children and stuff the money into the pockets of the rich. Don't be fooled by the sheer implausibility of such an accusation—a big enough lie will be believed, by a small but often crucial percentage of the voters, if it isn't nailed promptly and repeatedly by spokesmen whom the media cannot ignore. (Note how disastrously the Bush administration let the liberals rewrite the whole history of the 1980s.) We may yet pay dearly for the Republican party's sloth in this regard.

WILLIAM A. RUSHER, *formerly the publisher of* National Review, *is a nationally syndicated columnist and a distinguished fellow of the Claremont Institute.*

BURTON W. FOLSOM JR.

The House Republican Leadership did most of what it said it would do in the Contract With America. The result was a remarkable legislative flurry that largely fulfilled the campaign promises that so many Republicans made during the 1994 elections.

How do we compare this Republican onslaught in 1995 with FDR's First Hundred Days in 1933? Both were years of high legislative intensity; both years are likely to be described later as landmarks in 20th-century political history. And, in both years, the discussion of ideas dominated the media.

The differences between the two events are more interesting, and in some cases more subtle. Obviously, the Republicans were critical of Big Government and skeptical of the idea that man can improve his condition through central planning. The Republicans had zeal, but no faith in the perfectibility of man. By contrast, FDR's New Deal promoted the idea that government could solve economic problems—that individual liberty had to be sacrificed and power centralized in Washington to attack the Great Depression. FDR's spirits were high because he believed man to be capable of pulling the levers and turn-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ing the wheels to effectively control America's destiny.

Another difference is often overlooked. The Republican Contract was a conscious, thoughtful, and usually coherent plan that went from campaign document to legislative writ. The New Deal was improvisational and contradictory right from the start. During the 1932 campaign, for example, FDR denounced Hoover for his "reckless spending" and budget deficits. The New Deal to come was never outlined. But in Roosevelt's First Hundred Days, he reversed himself. In just three months, he pushed and signed bills that authorized government to spend almost as much as Hoover did in his entire presidency. FDR wanted a government program for each constituency: AAA for farmers, FERA for the unemployed, TVA for the South, CCC for the young, and so on.

His First Hundred Days were crucial because they shattered the notion that government worked best when it was limited. Government became a Mecca for interest groups that wanted to secure benefits from Washington, so much so that FDR, after his First Hundred Days, could not control the claimants. Cities flooded Congress with requests for road-building money; veterans won cash bonuses for past service; the silver lobby wangled from Washington more subsidy money than even the farmers could manage. American politics had crossed a threshold.

The Republican Contract is a response to the rise of this welfare state and to the twofold protest that the New Deal/Great Society programs mostly haven't worked, and taxes to pay for them are too high. These two points are addressed in part by the Balanced Budget Amendment. If it had included Congressman Dick Armey's flat-tax proposal—instead of seeking to manipulate the current system of tax deductions—the Contract could have challenged the New Deal more effectively. Special-interest politics, as Roosevelt learned, needs to extract money from some groups in order to support others. A progressive income tax is indispensable to a growing welfare state. In office, FDR soon hiked the top marginal tax rate to 79 percent; later he pushed it to 90 percent. A flat tax, by contrast, forces supporters of new government programs (and old ones, for that matter) to admit they will tax all to benefit a few. That admission alone might lead many to rethink the strong role of government in American society.

BURTON W. FOLSOM JR. *is the Senior Fellow in Economic Education at the Mackinac Center for Public Policy in Midland, Michigan.*

THE CONTRACT'S GREATEST LEGACY MAY BE REVERSING THE RISING TIDE OF ANTAGONISM TOWARD WASHINGTON.

JEFF JACOBY

Of course it wasn't the same as *those* Hundred Days. In March 1933, when FDR got Congress to enact a slew of government-aggrandizing laws—thus triggering the New Deal that vastly expanded Washington's control—17 million citizens had lost their jobs, 5,000 banks had collapsed, and the nation was mired in the most frightening depression in its history. Amid mass desperation, a Democratic president with a fresh mandate was able to get a Democratic Congress to more or less pass anything he wanted.

The national mood in January 1995, by contrast, was nowhere near as frantic. When Speaker Gingrich and the House Republicans uncorked their political revolution, they benefited from none of the panic-driven momentum that the Depression had lent Franklin Roosevelt and the Democrats 62 years earlier. Instead, they faced an enemy in the White House, a largely hostile press corps, a $1.6 trillion federal establishment more likely to munch ground glass than relinquish power without a death-struggle, and a Senate led by Bob Dole.

So, no, in terms of legislation completed, Gingrich's First Hundred Days don't compare with FDR's. But measured against other yardsticks, the House Republicans' quick-march through the Contract With America was even more significant.

The customary formula of federal politics is: The president proposes, Congress disposes. So thoroughly did Gingrich and his army upend *that* piece of conventional wisdom that by the end of a hundred days, Bill Clinton was reduced to insisting that he still mattered. "The president," he sniffled in a mid-April press conference, "is relevant here."

The Republicans upended another piece of conventional wisdom: that platforms—i.e., *ideas*—don't win or lose elections. The life cycles of modern party platforms are familiar. Party members meet. They brawl over a couple of planks. They vote for a platform everyone can live with. Then they print a few copies nobody will ever read or care about.

In 1994, GOP House candidates followed a completely different path. They gathered to sign a brief "contract" whose details weren't yet drafted, but whose main promise—drastically reduced federal power—was crystal-clear. The pundits promptly consigned it to oblivion. Tens of millions of copies appeared in print. And an intense ideological campaign was then waged between the party that wrote the Contract and the party that reviled it.

Never in modern U.S. politics has a party platform—a party's statement of principles—mattered more. Two years ago, they lost a White House they had virtually owned because their incumbent didn't grasp the power of "the vision thing"; in November, Republicans conquered a Congress thought to be permanently closed to them precisely because they did.

Or did they?

Right after the GOP won its astonishing victory,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Gingrich articulated his Prime Directive: "Cooperate, yes. Compromise, no." Right after *that*, the compromising began.

The provision for a three-fifths supermajority to approve tax increases was dropped from the Balanced Budget Amendment. The national-security bill was stripped of missile defense. The unfunded-mandates bill repealed precisely zero unfunded federal mandates. The GOP's crime bill wound up with the same price tag as the supposedly "pork-filled" Democratic version of last year. The bloated food-stamp program was exempted from welfare reform. Term limits were croaked.

The Clinton tax increases that Republicans had unanimously opposed in 1993 were left virtually intact. Republicans talked of "zeroing out" government subsidies for the arts and public broadcasting—until Garth Brooks came by to lobby, and the talk dried up. The House passed a legal-reform bill that federalized great swaths of tort law. Plans to eliminate entire Cabinet departments were limited to a few feisty freshmen with no clout and conservative think tanks with no vote. And to mark the completion of the First Hundred Days, Gingrich declared in a television address that his party was certainly *not* proposing to actually shrink the federal budget.

In its First Hundred Days, the new GOP House majority ignited the conservative revolution it had been elected to achieve. Without question, it has changed the terms of debate on the Hill. But before their sprint through the Contract was done, the Republicans were once again showing the symptoms that had always doomed them in the past: weak knees and thin skin.

JEFF JACOBY *is a nationally syndicated columnist for the* Boston Globe.

ALONZO L. HAMBY

Speaker Gingrich and his lieutenants fulfilled to the letter the Contract with America pledge that ten important issues would be taken to a vote in the House. Observers must be impressed, moreover, by the GOP's passage of nine of these, and by the party's ability to round up four-fifths of its members for the failed term-limits constitutional amendment. The new House leadership has established a remarkable working model of a disciplined, responsible party motivated by deeply-felt principles—on one side of Capitol Hill.

And when one looks for long-term significance, there's the rub. As of this writing, the Balanced Budget Amendment has already failed in the Senate, which is widely expected to reject or drastically modify other Contract items. In addition, President Clinton may muster the courage, conviction, or pragmatic judgment to wield a veto or two. What comes out of the Senate and White House legislative sausage-grinders will likely strike Contract devotees as inferior bratwurst rather than fine tenderloin. No, this will not be as significant as FDR's First Hundred Days.

What major mistakes did the Republicans make? Clearly they still need to work on what George Bush might have called "the message thing." Admittedly, it is no easy task to get a conservative perspective past the filter of a predominantly liberal-leaning national media, but it can be done. The leadership was blindsided on the school-lunch issue, although the Democratic tactics were predictable. Thanks to Henry Hyde's impassioned defense of political careerism, network television played the term-limits debate as primarily an argument among Republicans rather than one between Republicans and Democrats. In the absence of a Jack Kemp able to explain in appealing terms the importance of preferences for capital gains and savings, the Democrats appear to have achieved an advantage on the tax-equity issue. Finally, the Speaker, for all his intramural leadership skills, oscillates wildly between flashes of brilliance and egregious gaffes. As a result, he enjoys less public esteem than he deserves.

At the end of the hundred days, the Republicans remain locked in a continuing struggle with the Democrats for the soul of an angry, alienated "populistic" segment of the electorate—similar to the swing constituency once called "Middle America" and these days attracted to Ross Perot. The GOP can prevail when it convincingly depicts the Democrats as the party of the special interests (affirmative-action beneficiaries, welfare bureaucrats, etc.), but the issue can be used by the Democrats when they depict the Republicans as advocates of tax breaks for "the rich" or abusers of mothers and children. The argument remains unsettled; the Republicans need to do a much better job of articulating their side of it.

Corrosively cynical, this populistic electorate seems to see only business as usual in Washington and is unlikely to give the Republicans much credit for an imperfectly fulfilled Contract. It also still appears prone to believe the budget can be balanced simply by eliminating waste, fraud, and abuse while leaving entitlements and pork untouched. It remains uncertain whether this group, or America at large, is prepared for the consequences of a smaller federal establishment: greater local and individual self-reliance.

One last thought: If conservatives want to be successful, they had better stop depicting themselves as involved in a sweeping effort to uproot the New Deal. Speaker Gingrich (perhaps consciously drawing on the example of Ronald Reagan) was right on target in professing admiration for Franklin D. Roosevelt and at least some of his accomplishments. The Republicans were elected to reverse the lingering excesses of Lyndon Johnson's Great Society, not to take us back to the world of Calvin Coolidge and Herbert Hoover.

ALONZO L. HAMBY *is a professor of history at Ohio University. His latest book,* Man of the People: A Life of Harry S Truman, *is forthcoming from Oxford University Press in the fall.*

MONA CHAREN

There are advantages as well as disadvantages to speed.

The First Hundred Days of the Republican majority were like a laser show—full of color and sound, but so fast and furious that it was difficult for voters to single out the constituent parts.

The Contract gave shape to the first months of Republican dominance on Capitol Hill, which might otherwise have been characterized by fits and starts. Though designed primarily as a vote-getter, the Contract also served extremely well to enforce party discipline.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Everyone understood the promise, everyone was committed to the schedule, and factiousness among Republicans was kept to a minimum.

That was the advantage of speed. The disadvantage is that the individual terms of the Contract, many of which deserved a greater hearing, more explanation, and more time before the public, were given short shrift. Few Americans really understand the benefits of tort reform, welfare reform, or regulatory reform.

In a bravura performance over the First Hundred Days, the Republicans made only two errors. The first was the excessive attention to the question of whether or not to punish Senator Mark Hatfield for his vote on the Balanced Budget Amendment. In so doing, Republicans themselves (without help from the media) made Hatfield and, accordingly, internecine Republican quarrels, the story of the BBA's failure. In fact, the story ought to have been the six Democrats who *switched their votes* and defeated a bill they had supported only months before. Hatfield is a liberal Republican. He voted his conscience. Punishment would have been futile. Besides, his breed is dying out. He does not represent the future of the GOP. Effort spent trying to "fix" him would be better directed elsewhere.

THE NEW HOUSE HAS DARED TO THINK AND ACT IN WAYS THAT HAVE TRANSFORMED AMERICAN POLITICS.

The other error was the failure to anticipate the reaction among liberals (especially in the press) to changes in the school-lunch program. Of course the liberals were dishonest, unscrupulous, and brazen in their depiction of the terms of debate ("starving children" indeed!), but it is the job of conservatives in America to prepare for that pitch and knock it out of the park. Ronald Reagan knew that Jimmy Carter was going to portray him as a mad bomber in the 1980 presidential debates, and he was ready with a riposte: "There you go again." But Republicans were caught flat-footed when Democrats accused them of trying to take food from the mouths of babes.

Still, only two mistakes in three months is an enviable record. I wish I could match it.

MONA CHAREN *is a nationally syndicated columnist.*

DEROY MURDOCK

While the fulfillment of the House Republicans' Contract With America in just 92 days is largely worth rejoicing, this momentous occasion also illustrates how Americans have "defined democracy down" through the years. The House's single-minded passage of the Contract's provisions (with the unfortunate and sloppily-handled exception of term limits) was an exhilarating interval in recent political history. Still, the balloons and streamers flew over the U.S. Capitol after the Contract's completion precisely because the House GOP accomplished what Americans should normally expect of their representatives: They engaged them with ideas. They pledged to vote on them, then did so, as promised.

Although this sort of innovation and accountability should be routine, they instead are refreshing departures from the recent national campaigns that have inflamed public cynicism. George Bush's abandoned "Read my lips: no new taxes" pledge and Bill Clinton's phantom "middle-class tax cut" illustrate this problem. The Contract's greatest legacy may be that it reversed the rising tide of antagonism that had severely eroded Washington's goodwill with the American public. Now that House Republicans have actually kept their word on the Contract, Congress today enjoys its highest approval rating in years.

Assuming the Senate and President Clinton cooperate, the enactment of most Contract items, per se, will not influence American politics as profoundly as did FDR in his First Hundred Days. However, the paradigm shift that has accompanied the Contract likely will parallel the new thinking that FDR inspired 62 years ago. The Contract and the GOP's takeover of Congress have led Washington to discuss seriously the abolition of the income tax, the closing of at least four Cabinet departments, and a balanced budget by 2002. House Democratic Leader Dick Gephardt has now embraced tax simplification, while Bill Clinton has placed federal affirmative-action policies under a microscope. These realities would have been mere hallucinations just nine months ago. By committing themselves to a coherent "vision thing," today's GOP has moved the entire plate of acceptable discourse tectonically to the right.

Speaker Newt Gingrich and his allies, however, stumbled badly on the so-called "school-lunch" issue. Democrats stereotypically pummel GOP budget cuts and block grants with dusty rhetoric about "starving babies" and "at-risk infants." Republicans should have anticipated these attacks after seeing them haunt Ronald Reagan and George Bush for 12 years. Opening with a salvo against corporate welfare—such as having Archer-Daniels-Midland tycoon Dwayne Andreas explain to a subcommittee why his multi-billion-dollar agroempire deserves federal subsidies—would have blunted Democratic charges about GOP "greed" and "meanness." So would have energetic reminders that vibrant economic growth especially lifts the poor and unemployed.

The Contract also failed to address the coming entitlements meltdown. While Speaker Gingrich insists it is "off the table," Social Security, as well as Medicare, Medicaid, veterans benefits and other give-away programs, jeopardize America's future financial well-being. While a promise to vote on affluence-testing or privatization of these programs would have made the Contract far more controversial, it also would have shown the GOP exhibiting genuine courage. Now, without a mandate to do so, the Republican-led 104th Congress must show even greater bravery by confronting entitlements (try balancing the budget without doing so). Or, it simply can stand

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

back and watch Social Security and Medicare eat us alive.

DEROY MURDOCK *is the president of Loud & Clear Communications, a marketing and media consultancy in New York City. He is also an adjunct fellow with the Atlas Economic Research Foundation, in Fairfax, Virginia.*

SALLY C. PIPES

Speaker of the House Newt Gingrich and the new Republican House leadership deserve thanks and congratulations for the successful completion of the Contract With America. What a revolutionary (or more correctly, counterrevolutionary) series of events has taken place! With the Contract, a promise to the American people was made; in a little less than the promised hundred days, the promise was kept. Of what other Congress in this century can that be said?

Certainly some needed changes were made to vexing and intolerable House rules; for the first time, national laws passed by Congress will apply to the House as well as ordinary Americans. Having to live by the rules made for the rest of us cannot but raise the consciousness of the rulemakers and dissuade them from their excesses.

Certainly some important legislation was passed by the House in those historic hundred days. Congress agreed to stop imposing mandates on state and local jurisdictions without paying the bill; such progress was nearly undreamt of in our philosophy just a few months before the Contract was unveiled. Is this important? Indeed it is. Is it enough? Perhaps not. Our liberties have already been eroding for decades; what's worse, the cost of the erosion has been passed down the line. Far better for Congress to forswear dreaming up silly rules to begin with; agreeing to pay their cost only solves half the problem. But let us not quibble with progress in the right direction. The looming struggle to actually cut federal spending by billions of dollars may preclude any more erosions.

Congratulations are also deserved for passing a tax cut and for stepping forth on welfare reform. Has the American public forgotten the promises made by then-Governor Bill Clinton when he campaigned for president? A middle-class tax cut? The end of welfare as we know it? The new House leadership promised both, and they, not Clinton, kept the promise.

But a word of caution on the welfare-reform proposals: Just as limited congratulations are due for eliminating unfunded mandates, limited caution is due for proposing to send money to the states in the form of block grants with no strings attached. This will create, as someone has noted, "funded unmandates."

For those of us in California, this is an interesting exercise in neofederalism—a tasty bit of proper philosophy, or revolutionary devolution, if you will. The warning is this: The California legislature, perhaps more than any other state legislature, has suffered from Congress-envy for at least the last three decades. If California legislators suddenly find billions of dollars dropped in their allegedly bare general-fund cupboard, what mischief might they do? Conservatives and libertarians alike want major programs such as welfare brought closer to us, closer to our scrutiny, closer to our effective control. Will we get what we want, or will we get a more fearsome monster than the current federal system? In this case, sense may have been sacrificed for speed; again, the federal government would do far better to reduce taxes, forswearing the revenue, than collecting and then returning the money in skewed proportions.

All in all, hearty congratulations to the House Republican leadership! Promises made, promises kept—who could ask for more? At least, who could ask for more in the First Hundred Days? May the next five hundred days go as well! Legislators keeping promises—it might catch on.

SALLY C. PIPES *is the president of the Pacific Research Institute for Public Policy in San Francisco.*

MIKE SIEGEL

The Contract With America committed the House Republicans to raising and voting on each of the Contract items. This was accomplished and should be considered a major shift from politics as usual.

One major frustration that Americans have expressed in recent years is that they vote for change but get only lip service from political leaders. The significance in the Contract With America is that a group of politicians did what they said they would. The Contract raises the level of political debate to one of performance and effectiveness, rather than distortion, political expediency, and misrepresentation by political officials, candidates, and parties.

The greatness of these hundred days is that they changed the political process. The substantive change is yet to be determined. It is still too early to tell whether the policies passed by the House in the First Hundred Days will become law, and if so, what effect they will ultimately have on American life and culture.

Even now, however, we can see a shifting of attitude among the American people. Inherent in the policy and legislative changes proposed in the Republicans' First Hundred Days are the notions of individual responsibility and accountability for one's actions. Government appears to be seen as a catalyst and facilitator for change, but not the ultimate determinant of the individual lives of our citizens.

Major mistakes during the First Hundred Days include the failure to support term limits as forcefully as other elements of the Contract. The leadership vacillated and approached this issue tentatively. They should have committed firmly to this issue, which was approved in all of the 22 states where it was considered by the voters.

The leadership allowed the debate to deteriorate into "them vs. us" on issues such as the school-lunch program and the group-home concept for unwed teenage mothers without stable homes of their own. The leadership allowed these ideas and "those conservative Republicans" supporting them to be portrayed as insensitive or callous. They should instead have placed the true nature of these issues at the center of the debate.

MIKE SIEGEL, *the former president of the National Association of Radio Talk Show Hosts, hosts a talk-radio show on KVI Radio in Seattle, Washington.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Even Money

A Friendly Critique of the Flat Tax

J.D. Foster

The flat tax is the vanguard of tax reform, and for good reason. It is sound economically and easy to explain. It corrects some long-standing problems with the current tax system: complexity, high costs of administration and compliance, a depressing effect on the economy, and the unfairness of double taxation of income from capital. Its strengths have gained the flat tax many ardent fans and have brought it from an obscure oddity debated by economists to the forefront of the tax-policy debate.

Flat-tax advocates are nearly evangelistic in their drive to replace the current tax system, often as an integral part of their broader agenda to reshape government. They are also often unwilling to acknowledge that, despite its strengths, the flat tax also has some weaknesses and some serious obstacles to overcome before it can go from tax concept to tax code.

What Is a Flat Tax?

Any tax with a single tax rate could be considered a flat tax. A flat tax on labor and business income has been popularized by professors Robert E. Hall and Alvin Rabushka of the Hoover Institution. A flat tax on labor and business income is also embodied in legislative proposals advanced by Congressman Dick Armey, the majority leader in the House of Representatives, and Senator Arlen Specter, a presidential contender. These flat-tax proposals do not tax income from saving; they are therefore a form of consumption tax.

One of the great advantages of a flat tax is its neutrality. It taxes all forms of income only once and does so at a single rate. It taxes individuals' labor income at a single rate after allowing for personal exemptions, and it taxes business's net cash flow at the same rate that applies to individuals. The flat tax thus gives no relative advantage to any means of earning income. It favors neither capital nor labor, neither physical nor intellectual capital, neither manufacturing nor real estate. By contrast, under current law, the federal government uses the tax code to micromanage the economy, distorting the allocation of resources such as capital and labor, and thereby diminishing both the level of economic activity and the standard of living.

The flat tax is also vastly simpler than the current system and thus virtually transparent to taxpayers—that is, taxpayers need not become lawyers or CPAs to understand the intent and application of the tax system. Such transparency is important for individuals and businesses making economic decisions, for taxpayers' confidence in the fairness of the system, and for assuring taxpayers that the tax code will not become a tool of deliberate or accidental oppression by government. Much of the distrust bred by the federal tax system derives from a suspicion that it conceals traps to snare the unwary taxpayer and torture him with tax penalties, interest charges, tax liens, and possibly jail. The flat tax aims to be so simple and transparent that taxpayers could shelve their fear of the tax man.

Individuals under a flat tax. Taxable income under a flat tax includes all wages and salary, and excludes all capital income such as dividends, interest, rental income, and capital gains. In addition, all nonwage forms of labor compensation are also excluded, such as employer-provided health insurance and subsidized parking. The tax on individuals, therefore, is essentially a payroll tax collected at the employee level. Most flat-tax proposals also allow the taxpayer to take personal exemptions and an additional exemption for each child in the household, effectively creating a zero tax rate for low-income filers. Under the Armey version of the flat tax, for example, a single filer is allowed a $13,100 exemption ($26,200 for married, filing jointly), and the plan allows for a $5,300 exemption per dependent. Having calculated taxable income net of the personal and child exemptions, a flat tax imposes a single tax rate on any remaining taxable income.

The most striking feature of a flat tax is that it eliminates the special deductions, phase-outs, and credits in the federal income tax, ensuring that most individuals could calculate their tax liability easily—hence the claims by flat-tax advocates that a tax return could be filed on a postcard. (In his plan, Specter retains the two most popular individual deductions, the home-mortgage interest and charitable deductions.)

Simplicity for the individual is indeed one of the flat tax's best selling points. It is a point that is often oversold, however. Under the flat tax, there are two tax rates—zero

J.D. Foster *is the executive director and chief economist of the Tax Foundation, in Washington, D.C.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Illustration by Charlene Rendeiro

and approximately 20 percent. No doubt a reduction in the number of tax rates would make tax planning easier, but for most individuals the number of rates is irrelevant to their actual tax filing.

The simplification of the calculation of taxable income may also be oversold. For the approximately 80 million tax filers who take the standard deduction, the difference in tax computation between the flat tax and current law is that taxpayers today must add their interest, dividends, and capital gains to the tax base. They do not suffer the complexities of tax deductions because they opt for the standard deduction. For the approximately 32 million itemizers, the flat tax offers a clearly simpler system. But taxpayers who itemize do so voluntarily. They itemize because it lowers their tax liability. Thus, for itemizing taxpayers, the flat tax represents a loss of a preferred option in the way they file their taxes. Flat-tax advocates assume that most itemizing taxpayers would happily give up their credits and deductions in exchange for a simpler tax system.

Businesses under a flat tax. The taxation of businesses under a flat tax makes even greater strides towards simplicity and neutrality. All businesses are treated the same; no distinction is made between partnerships, sole proprietorships, corporations, and any other business form. There is a single tax rate. And businesses are taxed on their net cash flow, not on their net income as under current law, thereby eliminating all the complications of attempting to match the timing of income and expenses.

Under a flat tax, a business calculates its net cash flow for the year by totalling its receipts from all sources and subtracting all payments made to its employees and all payments made to other businesses for such things as plant and equipment and inventory. Businesses would deduct from income the full cost of their investments at the time of purchase, instead of stretching out these expenses according to complicated depreciation schedules. Employee fringe benefits would not be deductible. Nor would interest payments. The business then calculates its tax liability by applying a single tax rate to its net cash flow.

More than just a tax system. In the current political environment, the flat tax is far more than an alternative tax system. The flat tax is also a strong political and philosophical statement about the role of tax policy in society, as seen most clearly in the strong preference of flat-tax advocates for a single tax rate for all taxpayers.

For decades, the prevailing doctrine of "tax fairness" has dictated a highly progressive income-tax system. This means that, as a family's income rises, so do its average and marginal tax rates. Under current law, progressivity is achieved through a combination of deductions, exclusions, phase-outs, and rising tax rates imposed on a comprehensive measure of income. For example, in 1994 a married couple with $50,000 in Adjusted Gross Income (AGI) and two children, taking the standard deduction, would pay 10.1 percent in federal income tax, whereas the same family with $100,000 in AGI would pay tax at an 18.5 percent rate.

Under a flat 20 percent tax rate, a family would be subject to a 20 percent rate however high its labor income

THE FLAT TAX HAS SOME SERIOUS HURDLES TO OVERCOME BEFORE IT CAN GO FROM TAX CONCEPT TO TAX CODE.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

above a certain threshold. Having exempted lower-income taxpayers from the tax, many flat-tax advocates believe that proportionality, not progressivity, reflects the prevailing sense of fairness in America: Taxpayers should pay more tax as their incomes rise, but the amount of tax should not increase more than proportionally.

Flat-tax proposals actually include two tax rates—zero (by virtue of the personal exemptions) and about 20 percent. Some critics worry that the inclusion of a zero tax rate in the flat tax will maintain a large constituency for expanded government. The dangers are apparent in any general system of taxation that allows any but the poorest of the poor to escape paying at least some tax when they have taxable income. Taxes reflect a price we pay for government. Whenever someone escapes paying tax to finance government services, the direct cost of those services is zero and the amount of services demanded is high. Even a minimal tax of a few dollars a month would remind taxpayers that government services are not free.

Many advocates of the flat tax are using the tax reform debate as a means of reshaping the political debate. By directly challenging the doctrine of tax progressivity in the federal tax system, they seek to change not only established ideas about desired tax burdens, but also the very notion of using the state as an instrument of incomes policy. Nor does the challenge stop there.

Armey has included as part of his proposal the elimination of income-tax withholding. To many, withholding is simply a convenience whereby their employers subtract a certain amount from their paychecks each pay period based on an estimate of the total tax due for the year. To Armey and others, however, tax withholding disguises the true magnitude of the taxpayer's federal individual income-tax liability. By clouding the amount paid, they argue, taxpayers object less to the tax burden and to the amount of government spending that tax receipts make possible. By replacing the withholding mechanism with a monthly payment directly from the taxpayer to the Treasury, Armey believes he will bring powerful new forces to bear on the size of the tax burden and the size of government.

Economic Benefits

Tax reform is a long and difficult process. Even the adoption of an ideal tax system creates transition costs for taxpayers, economic dislocation, and uncertainty. What benefits would justify these costs?

Saving, investment, and economic growth. The net national savings rate in the U.S. has averaged 2.7 percent per year in the 1990s, less than one third the rate of the 1950s and 1960s. The savings rate is a prime determinant of the growth of incomes and wealth, so a low savings rate obviously does not bode well for future growth in standards of living. Certainly one contributing factor to the low savings rate is the high tax rate on saving and investment, due in part to the double taxation of income from capital. The flat tax would tax income from capital only once—in the form of a tax on business income. Dividends, capital gains, interest payments, and other forms of capital income received by individuals would not be taxed, because they had already been taxed before. The flat tax would thereby reduce the tax burden on saving, which means, everything else held constant, that a flat tax would increase the rate of private saving.

The flat tax may also reduce the tax burden on investment by eliminating the double taxation of corporate income and allowing businesses to deduct in full the cost of their plant and equipment purchases. However, the flat tax also appears to increase the overall tax burden of businesses (more on this later) so the net effect on investment incentives may be muted.

The purpose of encouraging saving and investment is, of course, to promote faster non-inflationary economic growth, boost real wages, and raise the nation's standard of living. At a recent conference sponsored by the Hoover Institution, Dale W. Jorgenson of Harvard presented a paper, "The Economic Impact of Fundamental Tax Reform," showing that the adoption of a consumption tax such as the flat tax would increase the discounted value of Americans' future income by about $1.3 trillion.

Such increases certainly justify considering a change in tax systems. Projecting increases in economic activity is risky business, however, since the projections always depend on the underlying assumptions. At the same conference, Laurence J. Kotlikoff of Boston University presented results based on a different type of economic model indicating that a switch to a consumption tax would eventually increase real wages by 7 percent and GDP per capita by 8 percent. These two studies are impressive and, because they are based on different types of models, credibly imply that the economy would perform significantly better under a flat tax or another consumption tax than it would under the current income tax.

It is important to recognize that accelerated economic growth also means accelerated tax collections for federal, state, and local governments. While congressional and Treasury Department analysts persist in ignoring these additional revenues, policymakers should understand that additional economic growth will mean additional tax revenue. Using Jorgenson's estimates of economic growth, in present-value terms a flat tax could eventually raise well over $200 billion in additional federal revenues and $150 billion in additional state and local revenues.

Compliance and administrative-cost savings. According to an analysis by the Tax Foundation, the annual compliance costs associated with the federal personal and corporate income taxes are roughly $200 billion. These costs result from recordkeeping, tax filing, litigation and appeals, and so forth. In addition, the federal government spends almost $14 billion administering the system, for a total annual cost of well over $800 per person.

Most compliance costs are borne by the business sector, and most of these costs can be attributed to those areas of the tax code dealing with the timing of income and expense, and with the taxation of foreign-source income. The flat tax is a tax on cash flow, and so at a stroke it eliminates the issue of timing. It also exempts from U.S. tax the foreign-source income of U.S. citizens, so it eliminates this compliance cost as well. And, at the individual level, most compliance costs arise in relation to capital income, which would no longer be taxed, so these costs, too, disappear. While every tax system imposes some administra-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tive and compliance costs, there is good reason to believe the flat tax eventually would dramatically reduce this burden on the taxpayer and on the economy.

Thoughts of lower interest rates. Proponents of the flat tax (and of many other tax reform proposals) often suggest that lower (nominal, after-tax) interest rates would ensue. If a flat tax raises saving levels as promised, the amount of capital available for domestic and foreign investment would increase and, if everything else were held constant, this could reduce interest rates under certain circumstances. Everything else is not held equal, however.

The flat tax may also improve investment opportunities by reducing the marginal tax burden on capital income. Recall that the double taxation of corporate income would cease and that businesses could, for example, expense their capital purchases. Thus, the domestic demand for new investment in plant and equipment may also increase. At this point, we cannot say whether saving would increase more or less rapidly than investment.

However, as the modern mantra runs, we live in a global economy, and no markets are more completely integrated than the capital markets. This means that, to the extent domestic saving exceeds the demands of the economy for capital, the excess saving finds its way overseas in search of more profitable investments. And, when domestic saving is insufficient to meet domestic investment demands, we import capital from abroad. Thus, whether domestic saving increases more rapidly than investment following a flat tax, or vice versa, no significant effect on after-tax interest rates should be anticipated on this score.

Pre-tax interest rates are nevertheless sure to decline following a flat tax. Interest rates reflect many factors, including expected inflation, a real, after-tax required rate of return, a degree of uncertainty and, possibly, a degree of credit-market tightness. Interest rates also reflect the taxes the interest income recipient must pay, which explains, for example, why there is a significant difference in the interest rates paid to taxable and tax-exempt bond holders. Under a flat tax, interest income is tax-exempt, so pre-tax interest rates would fall to about what are currently the rates paid on tax-exempt bonds.

On the flip side, interest expense is not deductible under a flat tax, so there would be no net reduction in after-tax interest costs to borrowers and hence little or no stimulation of growth from lower interest rates.

Problem #1: A Middle-Class Tax Burden

At the tax rates currently discussed, the flat tax appears to impose a higher share of the total federal tax burden

Taking on the Mortgage-Interest Deduction

If the flat tax is to gain the support of the public, its advocates will have to confront defenders of existing deductions head on. The most important deduction for most itemizing individuals is the mortgage-interest deduction. Many observers defend this deduction as encouraging home ownership; some argue that it is necessary for tax neutrality. Under the Armey flat tax, the deduction disappears.

Many groups believe they would be injured by the elimination of the mortgage-interest deduction. They argue, for example, that the loss of the deduction would raise the cost of home ownership, reduce the value of existing homes, and generally cripple the home building industry. In combination, the realtors, the home-builders, the mortgage lenders, and the construction-workers unions make a very powerful lobby, particularly when millions of homeowners are added to the mix.

The concerns of the mortgage-interest deduction lobby are generally misplaced. As noted above in the discussion on interest rates, the tax a saver must pay on interest income is recovered by demanding a higher interest rate. Since a flat tax does not tax individual interest income, pre-tax market interest rates will fall significantly, just as tax-exempt bonds now pay interest more than 2 percentage points below the rate paid to taxable bonds. Mortgage lenders, seeing their cost of funds fall, will be driven by competition to pass these savings along to mortgage borrowers in the form of lower mortgage rates.

In after-tax terms, the elimination of the home-mortgage deduction will neither raise nor lower the interest cost of home-mortgage borrowing. Therefore, that reform should have no affect on the demand for homes or on property values.

The benefit of lower mortgage rates does not extend to current mortgage holders unless they refinance their mortgages. Thus a legitimate problem is the treatment of mortgages underwritten prior to the enactment of a flat tax. Most of these borrowers assumed they would be able to deduct mortgage interest paid, thereby producing a lower after-tax interest rate and a lower tax burden. Since an estimated 27.4 million taxpayers will claim this deduction in 1995 to the tune of about $238 billion, a potentially huge bloc of voters stand ready to join the ranks of flat-tax opponents. While many or most may be able to refinance, refinancing may be impractical for many current mortgage holders if, for example, they expect to sell the property in the following year or two.

A fair (and politically sensible) solution to the old mortgages problem might be to allow homeowners to deduct the interest on mortgages taken before the flat tax is enacted. While fairness demands grandfathering pre-existing mortgages, the consequence would be a slightly more complicated tax system and a short and medium-term erosion of the tax base, which would have to be offset with initially higher tax rates.

A loss in the battle over the mortgage interest deduction would not derail the essential effort to develop a flatter, simpler, more saver-friendly tax system. It would, however, require a much higher tax rate initially, and it would make it harder to repeal other popular deductions, like that for charitable contributions.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

on middle-class taxpayers and appears to raise their taxes in dollar terms as well. Each of these represents an enormous political problem for flat-tax advocates.

A progressive rate structure means that upper-income taxpayers pay a higher proportion of their labor income in taxes than do all other taxpayers. A revenue-neutral flat tax would shift some of the tax burden on labor income from upper-income taxpayers onto the middle class. This shift of tax burden to the middle class is exacerbated by the exclusion of capital income from the tax base, which on a per-capita basis is a larger fraction of a typical upper-income individual's taxable income than that of a middle-income individual. Finally, large personal exemptions would remove millions of lower-income individuals from the tax rolls. Consequently, the middle class would be forced to bear a greater share yet of the total tax burden.

Flat-tax advocates take the fairness issue head on by advocating only one (or two) tax rates. Where the flat tax really attempts to redefine tax fairness, however, is in the exclusion of capital income from the tax base. Justice and tax neutrality are both served by excluding capital income since the capital has already been subject to tax at least once, if not many times over. Nevertheless, a clear problem of perceptions must be admitted.

Consider two families. The Joneses have a combined salary of $50,000 in wages and salary. Under the Armey plan with a 20 percent tax rate, this family of four would owe $3,700 in tax. Now consider the Smiths, who in retirement consume every dollar of their $1 million in dividend income. Under the flat tax, the Smiths owe no tax at all because capital income is excluded from the tax base. This is appropriate, because their dividend income was taxed at least once before the Smith family received it. But the perception would persist that a wealthy family is paying no tax.

When capital income, which would not be subject to personal income tax, is considered along with wage income, average tax rates for higher-income groups are lower than for middle-income groups under the individual side of the flat tax (see chart below). And so this may be the Achilles' heel of a flat tax: Are the majority of the American people willing to define tax fairness entirely in terms of labor income? Can tax fairness be defined in such a way that individuals who consume significant amounts of capital income would be allowed to pay little or no tax? If so, then the flat tax has overcome its biggest hurdle. If not, then a flat tax solely on labor income probably cannot succeed.

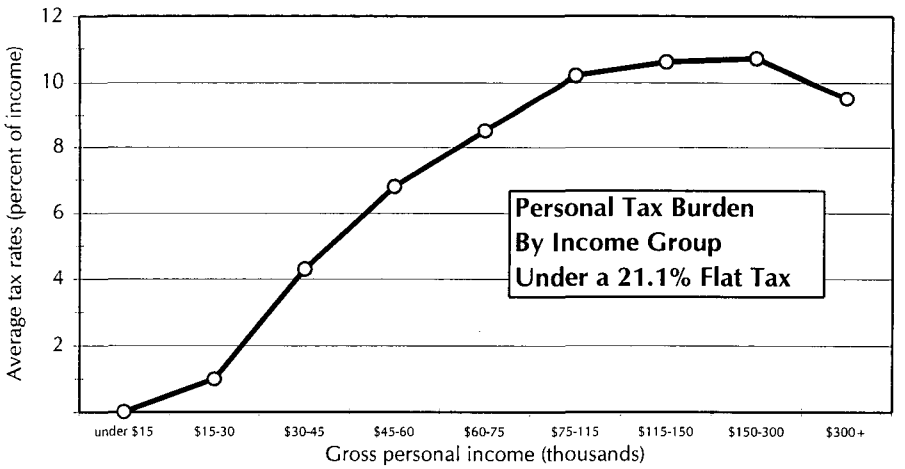
Flat-tax advocates can overcome this hurdle through careful analysis. As we shall soon see, a flat tax will shift the incidence of taxation sharply from individuals to business. While individuals will pay no tax on their own capital income, the businesses from which they earn capital income will pay higher taxes. The crucial point is this: The burden of business taxes is ultimately borne not by the entities that pay them but, one way or another, by workers (in the form of lower compensation) or by business owners (in the form of lower profits), who tend to belong to the higher-income group.

The chart on page 29 shows the average tax paid at different income levels under a flat tax when business taxes are imputed to individuals. Following procedures adopted by the Congressional Budget Office, the Tax Foundation assumes that half of the business tax is ultimately paid by business owners and half is paid through reduced labor compensation. The imputation of the business tax shows a disproportionate share of the business-tax burden falling on upper-income taxpayers.

The chart shows the distribution of the tax burden when we account for both the individual and business taxes under current law, under the Armey proposal with a 20 percent rate (which Armey argues reduces revenues by $40 billion annually relative to current law), and under a revenue-neutral version of the Armey proposal which the Tax Foundation calculates would require a 21.1 percent rate. (The lower rate claimed by Armey probably arises because his plan, by design, loses revenue relative to current law.) As the chart shows, when income is measured comprehensively and both labor and business income are taxed, the flat tax imposes a remarkably proportional tax burden (once individuals earn enough to pay tax).

Analysis of the likely distribution of the tax burden also reveals some disturbing news for flat-tax advocates, however: At the proposed rates, the flat tax would impose a tax increase on middle-income taxpayers. This obviously creates an enormous political problem for flat-tax proponents. Many middle-income voters may object to a significant tax increase

Less progressive. One potential criticism of the flat tax is that high-income groups appear to pay a lower percentage of their personal income in taxes than middle-income groups. This occurs because higher-income groups receive a greater share of their earnings from capital income, which is exempt under the flat tax.



Source: The Tax Foundation.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in exchange for a simpler tax system and the promise of a stronger economy. One solution is, of course, to cut spending to reduce the tax rate below 17 percent. This is Armey's solution. As noted below, however, this is far easier said than done.

Problem #2: The Business End

Successful tax reform must always originate in the barber shops and bingo parlors outside the Washington Beltway. Without sustained popular support, the enormous effort of fundamental reform will fall short. A new tax principle, having gained the necessary popular support, must then gain the support, or at least the acquiescence, of the bulk of the business community. Tax reform that fails employers will fail their employees as well.

The simplicity of the flat tax would eventually benefit the business sector by reducing both compliance costs and the uncertainty that a complex tax code imposes on business decisions. On the other hand, the business sector, at least under the Armey flat tax, appears to bear a much higher share of the total federal tax burden. Currently, the business sector bears about 31 percent of the burden. Under the Armey flat tax, according to Tax Foundation analysis, the business sector would bear about 50 percent of the burden, an increase of about two thirds. In other words, under the Armey plan about 19 percent of the total tax collection is shifted from individuals to businesses. The higher burden on businesses is due to such things as the loss of the deductions for state and local taxes and for employee fringe benefits. (Some of this burden would eventually be shifted back to individuals, as companies convert fringe benefits into labor income on which individuals would have to pay taxes.)

It is, of course, true that businesses only collect taxes; individuals ultimately bear the tax burden. Nevertheless, business leaders are very aware of their average tax rate and the after-tax earnings they report to their owners. The business community in the aggregate suffered a hefty tax increase as part of the 1986 Tax Reform Act, though much smaller than that apparent in the Armey flat tax. Many of today's CEOs and chief financial officers were tax directors and tax vice-presidents in 1986, and they remember how a laudatory tax principle eventually boomeranged to their firms' detriment. Business owners are likely to resist any tax proposal that would raise their effective tax rates, even if it promised to accelerate economic growth.

At the very least, successful tax reform should probably avoid increasing the net tax burden on America's businesses. Even so, such reform would still create lists of winners, losers, and uncertains. Traditionally, the uncertains oppose tax reform while projected losers fight harder against their losses than winners will fight for their gains, so even a revenue-neutral tax reform between individuals and businesses is likely to create important opposition to a flat tax.

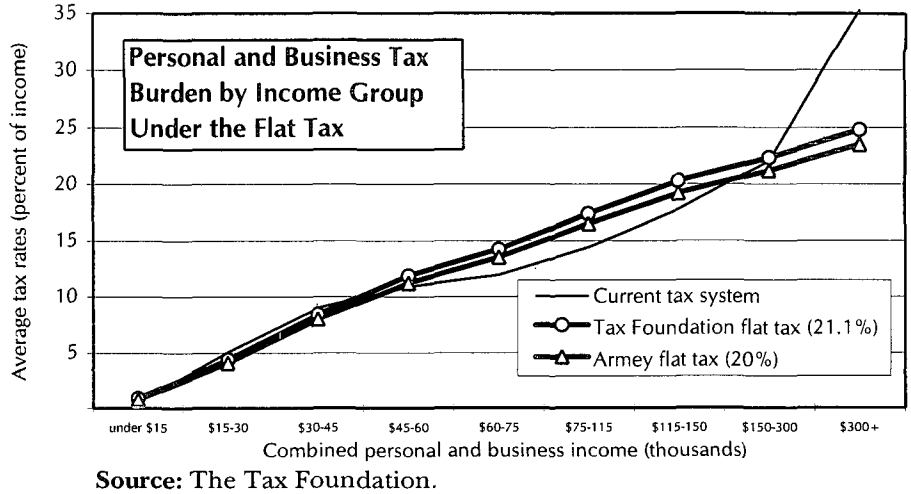
Other Obstacles

Aside from the basic tax-burden questions, there is a long list of obstacles for the flat tax to overcome:

Charitable contributions. Under the current income tax, itemizing taxpayers can deduct amounts contributed to charitable organizations (churches, certain civic groups, educational institutions, research organizations, etc.) in calculating their taxable income. The charitable deduction is defended by politically powerful organizations from Harvard University and the Boy Scouts to the Catholic Church and the American Association of Retired Persons. For itemizers, contributions to these groups under current law are made in pre-tax dollars. Under a flat tax, the tax incentive to make a contribution is eliminated, so all such contributions must be made in after-tax dollars. Some decline in charitable giving should be expected for virtually all charities, at least initially, following the enactment of the tax. Over the long run, of course, the higher incomes and capital accumulation produced by a flat tax will lead to increases in giving that will offset the initial decline. Even so, charitable groups, recognizing the immediate threat to their funding, will surely lobby to keep the charitable deduction in the tax base.

Tax receipts under the Armey plan. Flat-tax advocates also often strongly favor a smaller federal government, and the arguments in favor of one occasionally intermingle with arguments in favor of the other. However, a flat tax implies little or nothing about the desired level of government spending or taxation. It is a revenue system capable of raising a wide range of tax revenue levels depending on the tax rate chosen. Without question, a flat tax would be easier to enact and implement if the federal gov-

More proportional. When income is defined comprehensively to include business income, taxes on higher-income groups remain remarkably proportional. That's because the flat tax appears to shift some of the overall tax burden to businesses, whose taxes are borne disproportionately by (higher-income) business owners.



Source: The Tax Foundation.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ernment needed less revenue. General tax cuts would help avoid the contest of winners and losers that typically impede tax reforms. Also, all tax reforms impose adjustment costs on the economy as resources are re-allocated and re-priced. These costs would be easier to bear in the context of reduced overall tax burdens.

The initial tax rate under the Armey flat tax is set at 20 percent, which Armey argues would reduce federal collections by about $40 billion annually; the tax rate drops two years later to 17 percent. The Armey plan argues forcefully for funding these cuts with spending cuts. Over the traditional five-year budget window, setting the flat rate at 20 percent means cutting spending by about $250 billion. To put it in perspective, the budget passed by the House Budget Committee in May to eliminate the deficit called for spending cuts of $459 billion over five years.

The spending cuts needed to fund the Armey flat tax would be in addition to those in the Fiscal Year 1996 Budget Resolution. For advocates of a dramatically smaller government, a call for additional spending cuts to fund flat-tax reform is more of an opportunity than a problem. But, given the difficulties of achieving the cuts in the budget resolution, it is fair to question whether additional cuts of this size are possible. At this stage, the possible responses of the flat-tax advocates would seem to be either that the revenue scoring must include revenue gains from projected accelerated economic growth or that the extra spending cuts are possible and desirable.

The flat tax and the health care debate. Under a flat tax, the employer would no longer be allowed to deduct the cost of employee health-insurance coverage. This arrangement eliminates a serious distortion in the current system—the tax advantage of employer-provided health insurance. Denying employers the ability to deduct the cost of health insurance will discourage them from continuing to provide insurance as a benefit. Instead, they are likely to raise wage and salary income, and families would have to buy their own insurance. Eventually, such a family-based system should work as well for health insurance as it does for any other form of insurance.

At the outset, the flat tax could expose individuals to much higher insurance premiums if they no longer receive the benefit of group rates. This is a serious transition issue for the flat tax for which no good solution seems available. One could, for example, require employers to continue to offer insurance for a specified period following tax reform. Another solution would be to require insurers to continue coverage indefinitely for previously covered employees, and set insurance premiums at the levels applicable to the employee's previous group.

Double taxation and state and local taxes. Alongside tax neutrality, avoiding double taxation between tax jurisdictions is a fundamental goal of good tax policy. Double taxation occurs when an individual pays tax to one entity and must pay tax to another jurisdiction on the tax paid to the first. For example, when a taxpayer pays $100 in state tax and the federal government includes that $100 in the taxpayer's income for federal income-tax purposes, then the individual is effectively paying tax on taxes received by the state. This is unfair to the taxpayer.

With the exception of sales taxes, state and local taxes are currently deductible for itemizers at the individual level and for all corporate taxpayers, thereby avoiding double taxation. This deduction is typically eliminated under a flat tax, thereby assuring double taxation and bringing new pressures on state and local government finances. A flat tax would disproportionately raise the costs of living and doing business in high-tax states and localities. Recognizing the threat, state and local government officials would strenuously oppose this change in policy. On the other hand, many advocates of smaller government would applaud the additional fiscal pressures on government under a flat tax, even at the price of a measure of unfairness.

Transition issues. They say the Devil is in the details, and that is certainly true of tax reform. But the Devil is in his Heaven when dealing with transition issues. A complicated economy subject to a complex tax system produces extraordinary business and contractual arrangements. A simpler tax system may eliminate the need for some of these complications going forward, but the old arrangements would still be in force and must be addressed. The limited space available here precludes a discussion of these issues, but they would include the depreciation of previously purchased plant and equipment, the taxation of deferred foreign-source income, the use of accumulated Alternative Minimum Tax Credits, etc.

A Greater Possibility Awaits

Tax reform, and the flat tax in particular, is intended to replace a very poor tax system with a simpler tax promising better economic performance. Once such a system has been designed, the level of collections demanded of it is a matter of choosing the tax rate.

The federal government, however, collects a wide variety of other taxes, including sales taxes on gasoline and other items, payroll taxes, and user fees which should also be considered for replacement. For example, federal sales taxes are highly distortionary, require separate and costly collection mechanisms, and are generally thought to be regressive.

Once a new tax base has been established, strong arguments should be required in favor of keeping any of the other existing components of the federal tax system. Failing such arguments, we should give serious consideration to replacing these other, inferior tax systems, making up the revenue with a higher flat tax rate. A flat-tax rate of between 38 and 40 percent would likely raise enough revenue to allow the elimination of the payroll tax and all other federal taxes.

The nation faces many serious economic problems, including Social Security and Medicare systems racing towards bankruptcy, a costly private health-care system, and high regulatory burdens. So tax reform has some steep competition for national attention. It is all the more impressive, therefore, that the flat tax's advocates have succeeded in moving tax reform to the forefront so quickly. Replacing the current tax system with something significantly better, whether a flat tax or an alternative, will not solve all our economic ills. But the more rapid economic growth it promises may make finding the other solutions a little easier. ☎

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

CAVEAT EMPTOR

The Case Against the National Sales Tax

DICK ARMEY

One of the most refreshing feelings in the new Washington is the growing sense that our current tax system is not long for this world.

Only days after the November election, Congressman Bill Archer, the chairman of the House tax-writing committee, boldly declared his desire to "tear out the income tax by its roots." House Speaker Newt Gingrich and Senate Majority Leader Bob Dole have since formed a commission to consider entirely new alternatives. Presidential candidates Phil Gramm, Richard Lugar, and Arlen Specter want to scrap the system. A half dozen congressional panels are holding hearings on the subject. Even Congressman Richard Gephardt, the House Democratic leader, has floated a major rewrite (albeit without details).

The question is no longer *whether* America will get rid of its burdensome tax system; the question is, what new system should we replace it with? It is a question that will likely dominate our politics through the next election.

THE CONTENDERS

There are three main contenders: One is a plan advanced by Senators Sam Nunn and Pete Domenici. They were among the earliest to call attention to the most economically lunatic feature of the current tax code—the highly destructive double taxation of savings—and develop a way to fix it. Called the "USA Tax," their proposal, while fairly complicated, defers taxation on income that is saved, while taxing income that is used for consumption. It is a sincere and innovative effort to encourage the savings necessary for continued economic growth.

The second contender, which I strongly favor, is the flat tax. Designed to make the tax system as neutral and simple as possible, the flat tax would sweep away all loopholes, deductions, and exemptions, and replace them with a single generous personal allowance. All other income would be taxed at one low rate of 17 percent. As the plan's authors, economists Robert E. Hall and Alvin Rabushka, have pointed out, a flat tax would allow Americans to figure their taxes on a form the size of a postcard. The use of the tax code by would-be social engineers would end. Like the USA Tax, the flat tax would also end the double taxation of saving.

While support for the flat tax is soaring—almost 60 percent of Americans appear to favor a version of it, if polls are to be believed—the Nunn-Domenici plan may have been overtaken by events. Conceived at a time when it appeared to many that the redistributionist Democratic Party would control Congress indefinitely, the plan contains sharply progressive tax rates that would kick in at surprisingly low income levels. It addresses the disincentive to save quite well, but it may make the other problems in the code, high rates and complexity, even worse than the current system. With the new politics in Washington and across the country, superior alternatives are now clearly within political reach.

Then there's choice number three: the national sales tax. This is a sweeping plan to wipe away the current system and replace it with an unprecedented federal tax on retail purchases. Although it's not as widely discussed as the flat tax, it has substantial support among many far-thinking conservatives, including Archer and Lugar. Indeed, there are few conservative hearts that could not be at least a little warmed by its central promise to end the income tax altogether.

IF WE TRY TO EXCHANGE AN INCOME TAX FOR A SALES TAX, WE COULD EASILY END UP WITH BOTH.

This last choice demands serious examination at the moment. Although well-intentioned, the sales-tax option has several serious flaws.

Before getting into that, though, we must remember that supporters of all these plans are allies in a fight to end America's single greatest impediment to achieving its possibilities: the IRS code,

DICK ARMEY, *a former economics professor, represents the 26th congressional district of Texas.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

circa 1995.

Any American tax system should meet three basic criteria. It should be fair, simple, and pro-growth. The current system fails miserably on all three counts.

Is it simple? Not by a long shot. In 1990, American workers and businesses spent 5.4 billion hours preparing their taxes for the government. That's more time than it takes to build every car, truck, and van manufactured in the United States each year. After seven decades of amendments, revisions, exemptions, loopholes, and extensions, the code has become an incoherent mess. The IRS now sends out eight billion pages of forms and instructions each year. Laid end to end, they would stretch 28 times around the circumference of the earth.

Is it fair? Hardly. The tax system is as much an exercise in social engineering as it is a way of raising government revenue efficiently. Through its exemptions and loopholes, the government tries to guide the economic decisions of free Americans in the misguided belief that the government knows best. Among other things, the code tells us that it is better to invest in a municipal sewer system than the next Microsoft, that buying rather than renting a home is a better choice for everyone everywhere, that purchasing air compressors is better than buying computer software. Government has neither the competence nor the right to make those decisions for us. The pretense that "government knows best" is an insult to our citizens.

Is it pro-growth? As written, the tax code actually punishes savings and investment, by placing double or even triple tax burdens on capital. This lowers wages, destroys jobs, and depresses the living standards of all Americans. At the same time, it burdens American workers with punishingly high tax rates and overall tax burdens. With state and local taxes and other federal taxes, Americans now pay more in taxes than they spend on food, clothing, and shelter combined.

All who have worked to end this system, no matter what plan they currently favor, should be welcomed as members of the tax-reform movement.

Now for a closer look at option number three. What follows is my assessment of the major arguments advanced in favor of the national sales tax:

A sales tax is not an income tax. The case for a sales tax begins with one highly appealing applause line. It will allow us, supporters argue, to eliminate the income tax altogether, possibly even repealing the 16th Amendment, which authorized it and made Big Government possible in the first place.

Even if that goal were politically feasible—and I don't think it is—the exchange would come at a high price. We would give up the income tax for a more intrusive and pervasive tax system.

The reason is simple. If the government sets out to collect a new tax at the cash register, it will soon have no choice but to extend that tax beyond the retailer to every level of production, as it desperately tries to stop inevitable and massive tax evasion. Any sales tax will become a complex, pervasive, multi-rate, value-added tax. We will soon be living under a VAT—possibly the most insidious tax scheme ever devised.

Sales-tax backers often oppose a VAT. But that's what they'll get. To generate sufficient revenue by taxing goods only at the retail level, the government would need to impose a sales tax of at least 20 percent, which means that consumers would suddenly find that everything they buy appears to be 20 percent more expensive. *But people will not pay such a high tax.* They will either find ways to label their consumer goods tax-exempt wholesale items, they will purchase goods in a cash black market, or they will evade it some other way. A sales tax, in other words, will be immediately undermined by a silent tax revolt, and the government—following the pattern of European countries—will respond by imposing a VAT.

ANY SALES TAX WILL INEVITABLY BECOME A COMPLEX, PERVASIVE, MULTI-RATE VALUE-ADDED TAX.

A VAT is assessed at each stage of production and is much easier to collect and enforce for a host of reasons. You can hear the bureaucratic lament in a 1993 report by the Organization for Economic Cooperation and Development, which noted: "Governments have gone on record as saying that an RST [retail sales tax] of more than 10 percent to 12 percent is too fragile to tax evasion possibilities, and it is probably not entirely accidental that in OECD counties, VAT rates are nearly always above 12 percent and that, except in Canada and Iceland, RST rates have always been well below 12 percent."

These unhappy governments were speaking from sad experience. In 1967, 21 developed countries had retail, wholesale, manufacturer, or multi-stage sales taxes. Today, 20 out of 21 of these sales taxes have become value-added taxes. Every developed country except Australia that has had a sales tax now has a VAT. (Even Canada and Iceland, mentioned as exceptions when the OECD report was written, have since replaced their retail-tax-only systems with VATs.)

Whether or not the sales tax evolves into a VAT, the government would become intimately involved in almost every economic transaction between consenting adults. The simplest exchange, from a vegetable farmer selling his produce to the corner grocer selling a loaf of bread, would be under the shadow of a government tax collector taking his cut. In fact, every businessperson in America would become a tax collector for the government.

"But businesses already collect taxes for the government," sales-tax supporters counter. There's a big difference. Today, businesses collect a relatively small share of the income tax, since three quarters of the income in the economy is labor income, paid by individuals. But under a sales tax, there is no direct tax on individuals, so busi-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

nesses will be responsible for collecting several times what they collect today. That means IRS scrutiny of American businesses could be expected to rise proportionately. Since the 10-12 million businesses in America have fewer rights under law than individuals, we can expect IRS abuses to rise exponentially as well.

It would be an administrative mess. A national sales tax may well exempt many basic necessities from tax—beginning with food and clothing. This would lead to bitter disputes over the difference between food and candy, between real clothes and costume accessories. Congress and the courts would likely find themselves debating the nutritional value of Twinkies, the body coverage of sportswear, and much else, just as state governments do today, but on a larger scale.

Worse, the federal sales tax and the dozens of different state sales taxes—aside from having different tax rates—would likely exempt different items. That means a small businessperson would need to look up the correct state sales-tax rate, apply the federal rate, subtract the state tax rate from items exempted only by the state, or subtract only the federal rate from items federal-only exempted. Then he would need to do separate calculations for each of the states in which he does business. (And he would need to catch any mistakes before the tax enforcer appears.)

The likely consequence would be a slowdown in business activity—and a loss of jobs and drop in wages for millions of American workers.

We could eliminate the IRS. Ignoring or dismissing this inevitable tendency for a sales tax to become an all-pervasive VAT—with a huge accompanying bureaucracy—some sales-tax advocates nevertheless argue that the sales tax would allow us to eliminate the IRS altogether.

The argument is presented with an interesting federalist twist. The states, they say, could collect the new federal sales tax through their existing sales-tax systems. The federal government, then, could do without its own revenue collection agency. We could bring about the ultimate devolution of federal authority.

One immediate problem, however, is that five states do not have a sales tax and would not take kindly to enforcing one for Washington. Even those that do would consider the costs of collecting a huge federal sales tax (the main source of federal revenue) an unbearable federal mandate.

The enforcement costs for current sales taxes, currently about 5 percent, are manageable. However, if you add a 20 percent federal sales tax on top of that, the compliance problems grow exponentially. It makes little sense for a state government to pay the enforcement costs for a 25 percent tax when it only gets one fifth of the revenue. Many states would simply eliminate their sales taxes.

But the point is purely academic. For reasons dating back to the unhappy years of the Articles of Confederation, the federal government will never rely on state governments for its prime source of revenue. It will not happen.

In truth, a sales tax would not eliminate any federal agency. It will actually allow a huge increase in the size of the federal government by allowing politicians to raise taxes with relative impunity. Why? Because sales taxes are hidden from the taxpayers, concealed in the price of the goods they buy.

Try this experiment. Stand outside a grocery store and ask shoppers as they leave how much they just paid in sales tax. You'll find that virtually no one knows. Can you guess how much you paid in sales tax last month, or last year? The problem is, if people don't appreciate how much they pay in taxes, it is a lot easier for politicians to raise them.

Individuals would no longer need to file tax forms with the government. Since people would pay their taxes whenever they purchase an item, some sales-tax advocates argue, the government will never need to know a taxpayer's name. There would be no filing of any tax papers at all by an individual.

That's not quite right. Under almost any sales-tax plan, individuals would still file with the government—but for entirely different reasons than they do today.

It's almost certain that one way or another, any federal sales tax would need to exempt certain basic necessities in order to make it progressive. One way to do this, as I've mentioned above, would be to order retailers not to charge tax on food and clothing and whatever else the government selects.

But exempting a handful of items isn't enough. Absent a generous rebate, most Americans would face a stiff tax increase under a sales tax. That's why most sales-tax proposals provide for a rebate. The truth is, the overwhelming majority of Americans would still need to file with the IRS to claim their rebate (or else face a substantial tax increase).

MOST OF US DON'T KNOW HOW MUCH WE PAY IN SALES TAXES. THAT MAKES IT EASY FOR POLITICIANS TO RAISE THEM.

Some have suggested the IRS could simply send out checks to every American by Social Security number, obviating the need for taxpayers to file with the IRS. This is a fantasy. It wouldn't be long before there were more Social Security numbers than citizens. Whether or not Americans file directly with the IRS, the potential for fraud is staggering. Even under the current Earned Income Tax Credit program, fraud levels are as high as 30 to 40 percent. How much fraud would there be if the federal government were cutting thousand-dollar checks to every American?

Of even greater concern is the political dynamic that would develop once we couple a hidden sales tax with a highly visible tax rebate. Americans would be quietly nickel-and-dimed to death by a sales tax they may hardly notice, but every year a very noticeable and generous check would arrive from Washington like manna from heaven. Government, and even the tax bureaucracy,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

might become highly popular after all. And in my judgment, if there could be anything worse then people hating the IRS, it would be for people to love the IRS.

A sales tax will tax the underground economy. The notion here is that a sales tax will more effectively tax illicit trade in both legal and illegal goods and services than any income tax. If true, this would bring in tens of billions of dollars in revenue to the government as we collect revenue from people who are currently outside the system.

The neighborhood drug dealer almost always serves as the illustration. Since the drug dealer declines to file a 1040 form, the argument runs, maybe we could at least recoup some of his income through a sales tax. The government may have no record that he exists, but when he uses his blood money to buy a sports car, the government will collect tax from him.

That sounds compelling at first, but if we think it through, it doesn't hold together. Look at it this way: Both systems will equally fail to tax the drug trade for the simple reason that the drug dealer will not play along in either one. If there's an income tax in place, he won't report his income. If there's a sales tax in place, he won't collect tax from his customers. Either way, the government loses exactly the same amount of money.

IN MY VIEW, REPEALING THE 16TH AMENDMENT AND ENDING THE INCOME TAX IS, POLITICALLY, NOT IN THE CARDS.

Consider the following example. Suppose there is a drug dealer who makes $50,000 in sales to his customers every year and then turns around and spends it. Under an income tax system, we wish to tax the income of the dealer and his customers, while under a sales tax we wish to tax all of their purchases.

Under the income tax, we tax the income of the drug consumers (assuming they are law-abiding citizens besides their drug use), but we can't tax the income of the drug dealer. Thus we lose $50,000 from the tax base. Under the sales tax, we tax the purchases of the drug dealer, but we don't tax the purchases of the drug consumers. Loss to the tax base: $50,000.

It has to be the case that neither system taxes the value of the drug trade because the amount people spend on drugs must equal the income of the drug dealer. And since the drug dealer will not report sales or income tax, neither system will capture the value of the drug trade.

The same would hold true for the underground economy in legal goods and services as well—which, of course, is much larger. The proverbial plumber who doesn't report his house-call income today would not report it for sales-tax purposes either. At best, it will be a wash.

Actually, economic reasoning aside, the whole "underground economy" argument for a sales tax is flawed. It's obvious that if we try to impose a national sales tax of 20 percent or more on the public, the underground economy will explode. The "contraband" involved, though, will not be just crack cocaine, but virtually any sort of consumer good. That's exactly what happened in Canada when the government imposed its goods-and-services tax. The tax raised much less than projected. Coincidentally, the Canadian Treasury soon noticed a dramatic increase in the amount of real currency flowing through the economy. Why were Canadians suddenly using so much cash? Guess.

A sales tax will reduce the trade deficit. Supporters say that a sales tax will increase U.S. competitiveness by taxing imports and not taxing exports. As tax-policy people put it, a sales tax is "border adjustable." Since exports aren't sold in the U.S., they would escape a domestic sales tax; since foreign imports are sold here, they will get hit. This way, American firms receive a significant tax advantage over foreign firms, and that will favorably alter our trade balance.

There are very few economists who hold this view, however. An immutable law of economics holds that trade surpluses and deficits are linked to the amount a nation lends or borrows. When savings are low, the trade deficit must be high, but if we substituted a tax on imports for some other tax, it will not affect the amount Americans save. That means the trade deficit not only *will* stay the same, it *must* stay the same, as a basic principle of economics.

Economists might explain it this way (simplifying, of course): If there is more investment occurring in our economy than can be financed by our savings, then foreign investors must be accounting for the difference. In effect, they are taking the money we pay them for their cars and VCRs and using it to buy our stocks and bonds, thus supplying the investment capital that we don't supply ourselves. This difference is the "trade deficit."

The only way to change the trade deficit, then, is to change our savings rate. If we increase our savings relative to our domestic investment, we will have less need for foreign cash. The trade deficit will then drop, as we spend relatively less money buying foreign goods and relatively more investing at home.

But anything we do to tax incoming foreign goods—including slapping them with a sales tax—will have no effect on the amount of money Americans are putting into domestic stocks and bonds or even their own bank accounts. There is simply no relationship between them.

What will happen instead is this: Our exports will increase at first because of the new tax advantage. But since our savings will remain the same, the dollar will be artificially strengthened. This will make our exports more expensive, and the original balance of trade will be gradually restored—along with the original trade deficit. The policy will be self-defeating.

Even if a border adjustment were to work as its proponents claim, it would still be a bad idea. It would make the goods Americans buy—whether produced here in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

America *or abroad*—more expensive, while foreigners could purchase American-made goods more cheaply. It's hard to see how Americans benefit from paying higher prices than foreigners do to purchase American products.

Adam Smith makes a relevant point in *The Wealth of Nations*. Smith reminds us, "Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer."

In a border-adjustable system, however, to borrow from Smith again, "the interest of the consumer is almost constantly sacrificed to that of the producer; and it seems to consider production, and not consumption, as the ultimate end and object of all industry and commerce."

A Tragic Irony

All of the above assumes, of course, that we really could replace the income-tax system with a national sales tax. But could we? The roots of the income tax go back to the 16th Amendment, passed in 1916 to authorize the government to levy a tax on individual incomes. In my view, repealing the amendment and ending the income tax for good is, politically, not in the cards. Conservatives in Congress have tried for years to pass a balanced-budget amendment without success. I believe we will eventually succeed, but in the midst of that grueling fight, I believe the notion of getting 290 members of the House, 67 members of the Senate, and three quarters of the states to repeal the 16th Amendment is a dream.

And that is perhaps the best argument against the sales tax. If we try to exchange an income tax for a sales tax, we could easily end up with both. It would be a tragic irony if conservatives who favor a smaller government unwittingly provide the liberals with a comprehensive new taxing authority without eliminating the old one.

The Flat-Tax Option

We must not lose sight of the commendable motives behind the sales tax. Its supporters want a tax code that does not interfere with economic decisionmaking, minimizes the paperwork burdens on the taxpayers, limits the size of the federal government, avoids excessive taxes on savings and investment, and is straightforward and fair.

For all the above reasons, however, the sales tax is not likely to achieve those goals. The flat tax, however, will do so. By placing a single tax rate on all income, it will not distort economic decisions. Citizens will be free to spend and invest their money as they see fit without taking tax considerations into account. The paperwork burden, for most taxpayers, will be reduced to filling out a postcard-sized tax return. Americans will get an honest bill and know how much their government costs them. Savings and investment income will be taxed, but only once. The punitive double taxation of savings in the current code will be gone. The flat tax meets the tax-reform criteria—it is simple, fair, and pro-growth.

Innovative Solutions for Ohio

The Buckeye Institute for Public Policy Solutions analyzes state and local programs, taxes, and regulations in Ohio and offers alternative, free market solutions:

- Educational Choice
- Privatization
- Regulatory Reform
- Tax & Spending Reductions
- Medical Savings Accounts
- Welfare Reform
- And More

The Buckeye Institute FOR PUBLIC POLICY SOLUTIONS

For more information, contact the Buckeye Institute at:

131 N. Ludlow Street
Suite 308
Dayton, Ohio 45402

(513) 224-8352 • FAX (513) 224-8457

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Minimum-Wage Millionaires

The Capitalist Way to Save Social Security

Sam Beard

Suppose you are 20 years old and earning $10,000 a year. You and your employer are paying $1,240 a year in Social Security taxes. That's 12.4 percent of your hard-earned income, for benefits that you will never see.

Suppose instead you could invest that same $1,240, as well as an additional $2.50 a week. By the time you are 65, thanks to the magic of compound interest, you would be a millionaire. You would be assured a comfortable retirement.

This isn't a game-show fantasy. This isn't a lottery jackpot. It is a realistic goal. But unlocking this economic opportunity means revolutionizing Social Security. Every American who earns $10,000 a year or more can become a millionaire over the course of one working lifetime—45 years. By the year 2000, there will be over 100 million Americans who fall in this category.

In a recent survey, Americans between the ages of 18 and 34 reported they are more likely to see a UFO (46 percent) than their Social Security benefits (28 percent). They're right. The Social Security trust fund starts running out of money, under current projections, in the year 2013. If you're 20 today, that's when you turn 38. By the year 2030, when you turn 55, the fund will be short $200 billion a year and be unable to meet one quarter of its obligations. By the year 2042, when you turn 67 and reach your so-called normal retirement age, the fund will have an accumulated debt of $4.7 trillion. I'm not making this up. This isn't science fiction. These numbers come from the 1994 report of the trustees of the Social Security system.

ANYONE EARNING THE MINIMUM WAGE CAN BECOME A MILLIONAIRE BY RETIREMENT.

You could get all your benefits, of course, if there were an enormous tax increase for your children and grandchildren. According to the Social Security trustees, honoring existing promises for Social Security and Medicare benefits will require a rise in payroll taxes from the current level of 15.3 percent to 25.7 percent in 2030. But that simply isn't going to happen. Americans are already overtaxed. Do you think they'll put up with 25 percent payroll taxes, and federal income taxes, plus state and local taxes on top of that?

Some politicians will tell you not to worry: Social Security is building up a big trust fund that will take care of all those promises. By the end of this year, the trust fund will have $475 billion in assets—*on paper.* By 2020, there will be $3 trillion on paper. The trouble is, when the program needs the money, the money will already have been spent on everything the federal government spends money on. To redeem its IOUs to the trust fund, the federal government will have to borrow money or raise taxes—by over $36,000 per family—just as if the trust fund had no assets at all.

So you and your employer are now paying one eighth of your income to pay for the Social Security benefits of current retirees, and to build up an illusory trust fund. Meanwhile, your own retirement is in jeopardy.

No wonder younger Americans fear they are on a treadmill. No wonder there is so much trepidation about the future of the country. No wonder we have a savings crisis: our savings are being spent. No wonder most Americans now say their children will enjoy less opportunity than they do.

It doesn't have to be this way. Social Security can be saved without raising taxes, and without lowering the benefits or cost-of-living adjustments of existing retirees. Social Security can be saved in a way that will open up opportunity for younger people—so that their standard of living will be better than that of their parents and grandparents. If we use the principles of democratic capitalism to reform Social Security, the 20-year-old making the minimum wage can become a millionaire by the time he or she retires.

Sam Beard *is the founder and chairman of the National Development Council and a former staff associate to Senator Robert Kennedy. He is the author of* 100 Million Millionaires, *to be published this fall by the Institute for Contemporary Studies, and is a fellow of the Discovery Institute in Seattle.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Most Americans are on a treadmill because they have but one source of income: wages. The way to get ahead is to earn income from capital. Money makes money. With capital, you can retire in comfort and bequeath a nest egg to your children.

Here is the beauty of capitalism. Any American currently earning $12,580 or more pays $30 a week, or $1,560 a year, into Social Security. Imagine that, beginning at age 20, you invest that $30 a week at market rates. When you retire, you'll be a millionaire. Whoever earns at least the minimum wage can become a millionaire in 45 years.

The secret is compound interest. Let's assume a long-term return on your investments of 8 percent a year. (This is a prudent assumption; the annual return on the Standard & Poor's 500 over the past 70 years, including the Great Depression, is actually 10.19 percent.) If you can save $30 a week ($1,560 a year), after 10 years the value of your portfolio is $29,000. After 20 years, it is $110,000. After 30 years, it is $318,000. Forty years—$822,000. And 45 years—the normal working lifetime—$1.3 million. After 50 years, if you work until age 70, the value of your portfolio crescendoes to an estimated $2 million.

You wouldn't exactly be a millionaire in today's dollars. If we adjust for inflation of about 4 percent a year, your portfolio of $1.3 million after 45 years would be closer to $230,000. That's still a larger nest egg than most working Americans even dream of. With that amount of capital, you could purchase an annuity at age 65 that would give you $18,256 a year (in today's dollars) during your retirement years.

The way to save Social Security is to make the magic of compound interest work for its beneficiaries. I've been developing a proposal that will save Social Security—and enable 100 million Americans to become millionaires. The plan keeps Social Security as a mandatory, redistributive savings program, but it converts the program from the current pay-as-you-go system to a funded system, in which individuals own retirement portfolios at Social Security and choose private investment managers. Individuals would be allowed to set aside portions of their Social Security payments, together with additional voluntary contributions, in their own personal accounts. They could use their accounts for retirement income and pass on the capital tax free to their children. The plan has four basic elements:

Pay existing obligations to all current retirees. Social Security benefits would be paid to all existing retirees, as promised, without changes, and without reductions.

Divide Social Security into two tiers. If you are working now, you and your employer would continue to pay existing Social Security taxes of 12.4 percent on the first $61,200 of your income. Some of that would go to pay the benefits of existing recipients. Some of your payments would go into your own personal account. Payroll taxes would not rise from their current level. They would be cut by 2 percentage points around the year 2040.

The benefits of current retirees would be paid out of the first tier—current payroll taxes. When they retire, current workers would draw benefits from two Social Security sources: income from future payroll taxes and income from their personal retirement accounts.

Create personal investment and retirement accounts for the second tier of Social Security. Every worker who earns at least $4,000 would have his own IRA-like account with Social Security. (Unlike an IRA, you could use your account only for retirement, and could not withdraw from it earlier.) The first $500 that you and your employer pay into Social Security every year would be automatically deposited in your personal retirement account. You could increase the deposit in your personal retirement account by up to $3,000 per year by making voluntary contributions that would be matched by Social Security taxes you are already paying. The size of the match would vary according to income.

Here's an example: If you earn $10,000 a year and you contribute $1,240 per year, the first $500 of this money would be paid into your personal account. If you add a savings match of $130, the Social Security program will deposit an additional $610 of tax money you are already paying into the fund into your personal retirement account, for a total of $1,240 per year. In 45 years, your portfolio will be $1,026,524 and you're a millionaire.

If you are making $50,000, you might wish to put the maximum of $3,000 per year into your personal account at Social Security; $1,500 of the $3,000 comes from taxes you are already paying, and $1,500 comes from additional funds you save from your income, that is, from a personal-savings match. In 45 years, your portfolio would be $2.5 million.

This money would be in your name, you would own it,

Illustration by Zoya Eydelman

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and you would be in charge of picking an investment manager to invest it for you. Social Security would set up a corporation whose only purpose is to certify and approve private-sector money managers. (Criteria would include performance and experience in money management, years in business, and certifiably good character.) You would pick your investment manager from this list, and could switch to a different one any time you wanted. This sort of system is already working well in Chile.

Use your capital account to increase your retirement income, and pass on your assets tax free to your children. When you retire, you would have two attractive choices of what to do with your capital account. One would be to use income from your capital (5 percent a year) for your retirement benefits—and then, when you die, to pass on your entire capital account tax free to your children or heirs. The second would be to purchase an annuity with your capital account, and receive higher retirement benefits during your lifetime but not pass any assets on to your children or heirs.

Based on current life-expectancy charts, when you reach 65 you can expect to live, on average, to age 83, an additional 18 years. With an annuity you could currently receive an estimated 7.9 percent return per year.

If you have a small portfolio when you retire, your Social Security benefits would be paid as promised out of the income from your capital (5 percent a year), as well as payroll taxes from future workers. Suppose, for instance, you have $100,000 in your personal account, and promised Social Security benefits of $10,000 a year. You would receive $5,000 in Social Security income from your capital, and $5,000 through the regular payroll-tax base. When you die, you would then be able to pass your retirement assets on to your children or heirs.

As portfolios grow through compound interest, however, tens of millions of retirees would have the opportunity to increase their benefits. Twenty-year-olds today earning $10,000 a year will retire at age 65 in 2040. If the wages keep up with expected inflation, their final wages will be $15,236. Their promised present-law Social Security benefits will be $9,121 per year (a 59.9 percent replacement level). If payroll taxes are not increased, Social Security benefits would be reduced 24.4 percent—from $9,121 to $6,892 per year.

Under the Beard system, these retirees would have $1,026,524 in their personal accounts with Social Security ($182,769 in today's money). If they choose an annuity, their Social Security benefits will be $14,511 per year—$5,390 higher than present-law Social Security promises. If they wish to pass the $1,026,524 tax free onto their children or heirs, their benefits will be $9,138.

It would be enormously expensive to move from a pay-as-you-go to a funded Social Security system. Annual deposits into personal capital accounts would begin at over $100 billion per year and climb to over $200 billion per year (in today's dollars) by 2040. And this would be in addition to the massive deficits already projected for Social Security beginning in 2013. How can America possibly afford these expenses? The money would come from five sources.

Over time, the largest increase in Social Security revenue would come from the income of the new capital accounts. By 2040, after 45 years in operation, the estimated value of retirees' capital accounts in today's dollars would be $8 trillion, almost double the current value of the private pension system. If we assume 5 percent income from capital to pay retirement benefits, retirees would receive over $400 billion every year from their capital (in today's dollars).

Social Security payroll taxes currently exceed payments by about $25 billion a year. This surplus would go into the personal capital accounts. So would the $475 billion in assets that have supposedly accumulated in the Social Security trust fund. Those assets don't really exist, but workers have paid extra taxes on the federal government's promise that the surplus would go to a trust fund. Amortized over 20 years, the trust fund could be drawn down at the rate of $30 billion a year. In practice, this will mean that other federal expenditures will have to be cut by the same amount, bonds of $30 billion will have to sold to the public, or taxes will have to be raised by $30 billion.

SOCIAL SECURITY TODAY IS A RECIPE FOR CONFLICT, THE OLD AND YOUNG FIGHTING OVER A SHRINKING PIE.

Some $60 billion a year would be saved through a special debt instrument we call the Liberty Bond. The Liberty Bond would be a voluntary 30-year interest-paying instrument. After 30 years, heirs and designees would receive principal and interest tax free. It would be marketed to retirees who do not need all their benefits to enjoy a comfortable retirement, and would gladly forego some of their benefits if they were sure this would help their children.

I anticipate that five to 10 million Americans would purchase Liberty Bonds. Millions of retirees would gladly set aside $1,000 per year to create a $25,000 tax-free education fund for their children and grandchildren. Many would even set aside their full benefits—$10,000 to $15,000 a year for their remaining lifetime—to build a nest egg for their children. The government could create a cap of $95 billion per year on the sale of Liberty Bonds, so that no more money is deferred than necessary.

To make the numbers work, benefits will also have to be reduced for future retirees. There are two fair ways to do this. One is to raise the normal retirement age from the current 67 to 70, a change that can be phased in gradually. We are all living longer and we are in better health as we age. It is fair to extend the normal retirement age as our own lifetimes are extended. And in any case, with indi-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

vidual capital accounts in Social Security and the power of compound interest, Americans will want to work longer—because they'll have the opportunity to build up even larger nest eggs.

The second way to reduce Social Security benefits fairly is to reduce indexation for real wage growth. It is important to index Social Security for inflation. Once you retire, the cost of living continues to rise as a result of inflation. Without cost-of-living adjustments, the purchasing power of your benefits will decrease an estimated 4 percent per year. But Social Security is indexed again for real wage growth—about 1 percent a year. This is icing on the cake for retirees. It is not necessary, and it could be reduced by 50 percent.

A Call To Action

There is a five-year opportunity to change Social Security. If we wait until 2013, with the baby boomers retiring, we can no longer afford the set-asides. We need your help. The year after the next presidential election will be a critical window of opportunity.

Please call us at 302-323-9116.

E-Mail at sbeard @econ.org. Or write:

National Development Council, ECON
621 Delaware Street
New Castle, DE 19720

The current pay-as-you-go system is an economic, political, and cultural dead end. It will force us to raise taxes, and then raise taxes again to pay promised benefits, or to cut benefits and then cut benefits again to avoid mammoth tax increases. It will create no new capital opportunities. It will drain a growing amount of America's resources—our savings and investment—out of the private sector. A shrinking private sector damages our ability to create new jobs and new industries—our future strength.

The current system is also a recipe for conflict. If America is a shrinking pie, the young generation and older generation will fight over the crumbs.

Under a funded, two-tier system, we would cut payroll taxes 2 percentage points in 2040 and then cut them again. As the system matures, we would increase retirement benefits by 25 to 35 percent. We would create 100 million millionaires. We would amass unprecedented savings and investment in America by opening the doors of capital ownership to most Americans. We would create a capital pool that no other nation in the world can equal, and use this investment to finance the high-paying jobs and new industries of tomorrow.

By making every American a capitalist, a funded Social Security system would unleash new economic growth, raise the standard of living of our children, and return America to its historic role as the country of tomorrow, with its best days yet to come.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

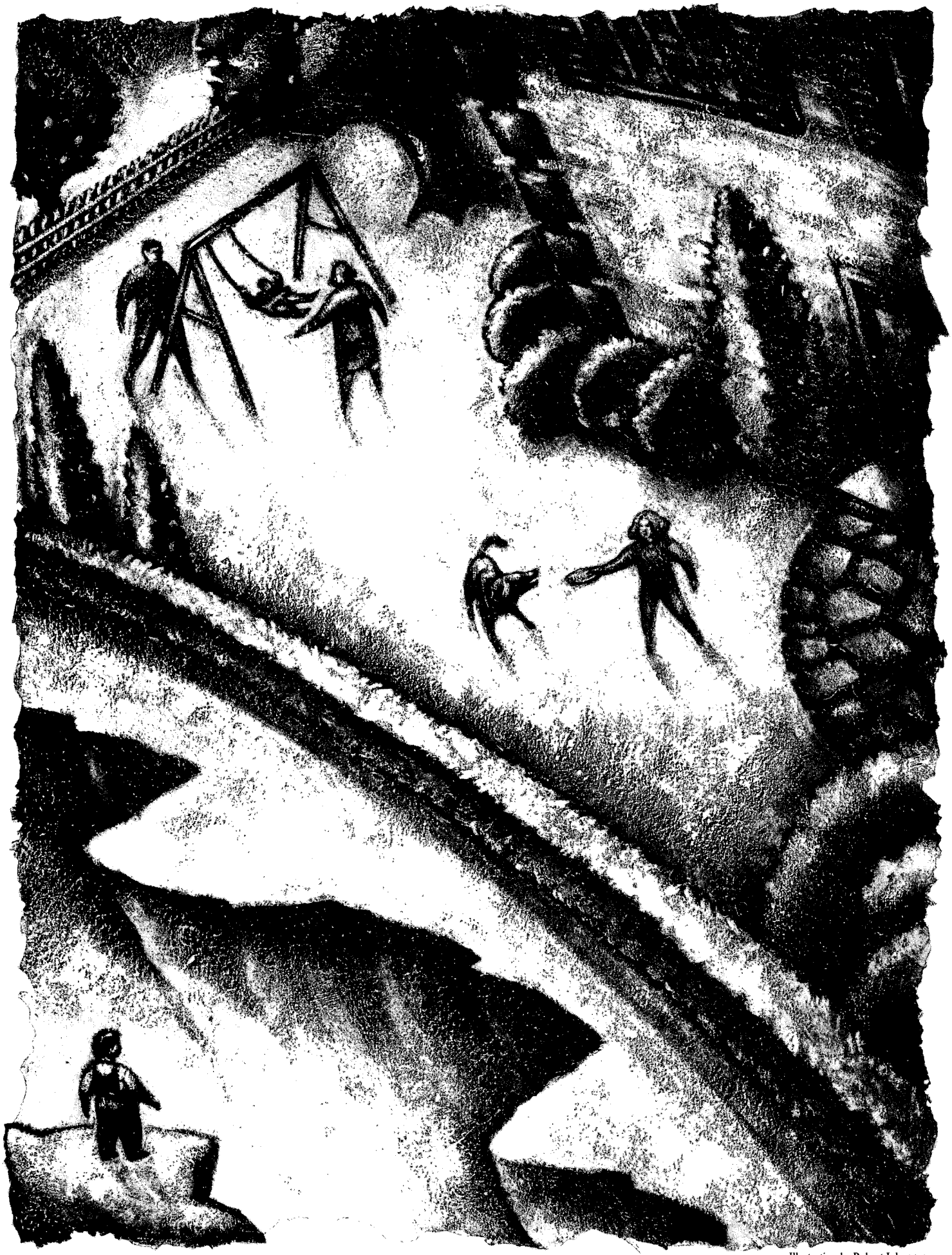


Illustration by Robert Johannsen

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

"What I Need Is a Mom"

The Welfare State Denies Homes to Thousands of Foster Children

Conna Craig

John, 10, is one of America's children who waits. He waits for a home, and he has been waiting nearly all of his life. When John was a toddler, his drug-addicted mom lost her parental rights, and claimed not to know who the father was. John has been legally free to be adopted since he was three, but instead has lived in state-run foster homes and group homes. While his childhood slips away, John's social workers debate his best interests and the programs they hope will address them. But this skinny kid who loves baseball knows better: "I'm all wrapped up in programs," he says. "What I need is a mom."

Across the country, there are 50,000 foster children like John, who no longer live with their mother or father and have been declared by courts as free to be adopted, but who languish for months or years in state-run, state-funded substitute care. On any given day, nearly 400,000 other children—none of them eligible for adoption—can be found in government foster homes, group homes, and shelters. Many of them are kept there by absentee parents clinging to the legal rights to their children.

Foster care and adoption in America have sunk to a state of near-catastrophe.

According to the American Public Welfare Association, the population of children in substitute care is growing 33 times faster than the U.S. child population in general. During each of the past 10 years, more children have entered the system than exited. Every year, 15,000 children "graduate" from foster care by turning 18 with no permanent family; 40 percent of all foster children leaving the system end up on welfare, according to the American Civil Liberties Union.

What was for most of America's history an entirely private endeavor has become a massive, inefficient government system. State agencies consistently fail to recruit enough families for the children eligible for adoption every year; potential parents often are turned down because of racial considerations, or turned off by protracted and unnecessary waiting periods; cumbersome state regulations extend to private adoption agencies and can even prohibit private attorneys from handling adoptions. The result is that tens of thousands of children are now free to be adopted but have nowhere to go.

This is the dirty little secret of the welfare state: Every child is adoptable, and there are waiting lists of families ready to take in even the most emotionally troubled and physically handicapped children. Government adoption policies are utterly failing in their most basic purpose—to quickly place children who are free to be adopted into permanent homes.

The problem lies not with the children. What keeps kids like John bound to state care are the tentacles of a bureaucratic leviathan: a public funding scheme that rewards and extends poor-quality foster care; an anti-adoption bias that creates numerous legal and regulatory barriers; and a culture of victimization that places the whims of irresponsible parents above the well-being of their children.

I can identify with these kids. I was a foster child in a family that cared for 110 children. That family—my family—adopted me in the early 1970s. Years later, as a student at Harvard, I happened upon a book of statistics on children in state care. I was stunned to learn that decades of research, policymaking, and government funding had only intensified the system's failures. I was one of the lucky ones, but luck will not stem the tide of parentless children. By the year 2000, well over a million children will enter foster care, and tens of thousands of kids will become eligible for adoption. Unless the government apparatus of foster care and adoption is dismantled, these children could spend their childhoods wishing for what most people take for granted: stability, a family that will last longer than a few months, a last name.

Subsidizing Failure

For years the rallying cry of many children's activists has been: "More money!" The National Commission on Family Foster Care, convened by the Child Welfare League of America, says that "family foster care and other child welfare services have never been given the resources necessary" to meet federal standards, and calls for a "fully funded array of child and family welfare services." When it comes to child welfare, rare is the research article that does not call for more money and further research.

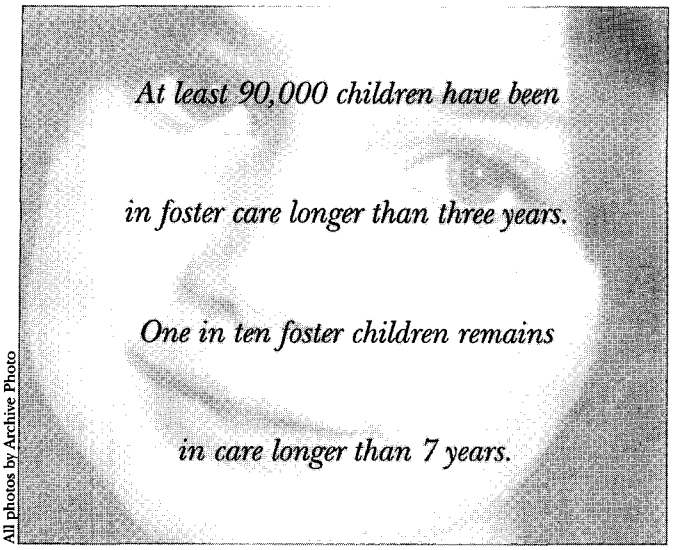
America already is spending $10 billion a year on foster

Conna Craig *is president of the Institute for Children, a private, non-profit group based in Cambridge, Massachusetts, dedicated to reshaping foster care and adoption.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

care and adoption services through public agencies. Federal dollars now account for nearly a third of all foster care funding, with most of the rest coming from state coffers. California alone spends at least $635 million a year on substitute care; the District of Columbia spent $53 million last year on a system that was so poorly run it recently was taken over by a federal court.

According to the ACLU, a year in foster care costs


At least 90,000 children have been
in foster care longer than three years.
One in ten foster children remains
in care longer than 7 years.

All photos by Archive Photo

about $17,500 per child, including per-child payments to foster families and administrative costs of child welfare agencies. That does not include counseling and treatment programs for biological parents or foster parent recruitment and training. The *San Francisco Chronicle* reports that per-child costs for foster home or group home care have increased more than fourfold in the past decade.

The problem with foster care is not the level of government spending, it is the structure of that spending. The funding system gives child-welfare bureaucracies incentives to keep even free-to-be-adopted kids in state care. State-social-service agencies are neither rewarded for helping children find adoptive homes nor penalized for failing to do so in a reasonable amount of time. There is no financial incentive to recruit adoptive families. And as more children enter the system, so does the tax money to support them in substitute care.

By contrast, private adoption agencies are paid to find suitable families quickly, even if it means going out of state. The public social-service bureaucracy, nearly overwhelmed by other urban problems, has little to gain by devoting extra resources to adoption. Private adoption agencies are free to focus on finding homes for kids and are financially motivated to do so. Private adoption agencies are paid according to the number of successful placements; public agencies, in a sense, are paid for the number of children they prevent from being adopted.

There is a similar reward for foster parents to keep kids in state care. By law, adoption subsidies cannot exceed foster care payments, and in practice they are almost always lower. According to the National Foster Parent Association, foster families in 1993 received anywhere from $200 to $530 a month for each child under age 10, plus additional money from states and counties. The subsidies are tax free, and foster parents receive more money as the children under their care get older. So the longer the system fails to find permanent homes for kids, the more money flows to those fostering.

In some states, payments to foster parents caring for four kids equal the after-tax income of a $35,000-a-year job. The money is tax free. It doesn't take much imagination to see that paying people to parent can lead to mischief. Parents are not held accountable for how they spend their federal and state allocations; for too many foster parents, the children in their homes are reduced to mere income streams. If foster parents don't wish to adopt the children under their care, what incentive do they have to alert other parents hoping to adopt?

Let me be very clear: There are many dedicated and compassionate people in the foster care system, serving as case workers, counselors, and foster parents. My own experience in foster care was a positive one. But I have seen and heard of too many that were heartbreaking failures.

Special-Needs Stigma

I have heard perhaps a thousand times that the children who wait cannot be adopted because they have "special needs." Of course they do—they need parents. They require love and nurturing that endures. But the "special needs" referred to by advocates come with federal dollars attached. In 1980, Congress started offering states matching funds to assist the adoption of children with special needs, which included children of various ages, ethnic backgrounds, and those with severe mental and physical handicaps who may require expensive care. The subsidy was to become available only after a state determined that it could not reasonably expect to place a child without it.

As with so many other federal subsidies, states quickly expanded their slice of the government pie by broadening the criteria for receiving money. Today, nearly two-thirds of all foster children qualify. In some states, special-needs children include kids who have a sibling; are black, biracial, Hispanic, or Native American; are "older," as defined by the state; or have been in foster care longer than 18 months.

Two leading adoption organizations report that there are no national figures available that break down the type of need, or indicate the number of children who have physical or emotional handicaps that would require extra expenses by their new parents. This leaves the door wide open to all sorts of graft and fiscal abuse.

But there are other unintended and unconscionable consequences of this masquerade. One is that the needs of very vulnerable children are downplayed. The plight of a teen-age girl in a wheelchair who requires constant attention is trivialized when she is included in the same group as children whose "needs" are that they are eight years old. Another result—one I see often—is that local social-services departments discourage families from adopting by telling them, "Oh, these kids aren't for you. We only have *special-needs* children." This emphasis on kids with the most challenging emotional and physical handicaps unwittingly contributes to the false notion that foster children are "unadoptable." Ironically, the Adoption Assistance and Child Welfare Act of 1980 that established

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

special-needs matching funds warned that children must not be "routinely classified as 'hard-to-place.'" Government funding has had just that effect, and it is helping to delay the placement of children ready for adoption.

I am convinced that the entire incentive structure for foster care and public agency adoption helps perpetuate the system's failure. It is a failure rooted in the notion that government funding is the panacea for family disintegration. The National Commission on Family Foster Care claims the foster care crisis is "the logical result of two decades of national neglect in providing funding and services for children, youths, and their families." On the contrary, as long as these children come with tax money attached—with little in the way of accountability—those invested in perpetuating the system will do little to reform it. As one foster child put it: "Everywhere I go, somebody gets money to keep me from having a mom and dad."

Anti-Adoption Bias

Government funding schemes and inefficiencies that prevent adoption exist within a larger framework: a steadily growing bias against adoption. Despite all the sociological evidence of the benefits of adoption, the conviction that a child does best in a permanent, loving, and stable home is all but missing from the ethos of state-run substitute care. How can this be?

In both the popular and elite media, a deep suspicion of adoption is all too evident. Marvin Olasky, a professor at the University of Texas at Austin, has noted that a *New York Times* series on adoption included such headlines as "The Ties that Traumatize" and "Adoption is Getting Some Harder Looks." And what do *Playboy, Mirabella,* and *Good Housekeeping* have in common? As Olasky says, each has joined the offensive with an article that warns readers against the "distasteful ... bartering of lives" that supposedly is adoption.

Television writers would have us believe that adoption has no happy endings. TV portrays adoption as shady, risky, and shameful. Over the last year, a dozen programs featured adoption in their plots, and in every case the adoption agency was depicted as callously profit-driven. The adopting families were white, middle-class couples who kept secrets from the authorities or from each other. Birth mothers were unfairly portrayed as selfish or disturbed. The programs paid little attention to the well-being of the children.

Groups such as Concerned United Birthparents (CUB) help give legal expression to this bias. CUB was behind the "Baby Jessica" case that led to the removal of a two-year-old from her adoptive family. Groups like CUB claim that adoption is a feminist issue, that only the outmoded ideal of a two-parent family makes the notion of adoption palatable. As Olasky notes, Joss Sawyer's book *Death by Adoption* calls adoption "a violent act, a political act of aggression toward a woman."

Perhaps more significant, however, is the battle against transracial adoption that has been waged by the National Association of Black Social Workers (NABSW) for more than two decades. Its 1972 position paper reads: "Black children belong physically, psychologically, and culturally in Black families in order that they receive the total sense of themselves." Otherwise, the group claims, black children "will not have the background and knowledge which is necessary to survive in a racist society." Our institute has received letters from adoptive families in many states who have been barred from adopting transracially. According to the North American Council on Adoptable Children, state adoption laws may allow for race-matching, but "their preferencing policy isn't written down."

When it comes to transracial adoptions, there is no longer much doubt that current policies are bringing the greatest harm to the very community they were intended to help: African Americans. Just consider the numbers: Though black families adopt at very high rates, black children represent nearly half of foster kids waiting to be adopted. Fifteen percent of all children in America are black; but 40 percent of the children in foster care are black. State delays in finding homes for black children, as case workers search for "culturally consistent" placements, can keep kids languishing in state care for years.

"These policies are seriously harmful to black children, requiring that black kids who could get good homes be left in foster care," Harvard law professor Elizabeth Bartholet told the *New York Times.* "There is not an iota of evidence in all the empirical studies that transracial adoption does any harm at all....There is plenty of evidence that delay in adoption does do harm."

Such policies reveal a profound misunderstanding of the nature and effects of adoption. To insist that successful adoption means placing a child in a family of his racial or ethnic heritage is to overlook what every adopted child understands intuitively: Adoption is not easy. No matter how much a child's family looks like him, it does not alter the fact that someone gave him up. Having the same skin color as the people in his household doesn't automatically erase that. Only love does. As someone who grew up in a multi-ethnic family, I find it incomprehensible when people tell me that I cannot love my siblings the way I could if our skin color matched.

The population of children in substitute care is growing 33 times faster than the overall U.S. child population. Every year, 15,000 foster children turn 18 with no permanent family.

The Fallout

Attitudes against adoption, whether racially motivated or not, share at least two flaws. First, they ignore all the best

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Myth of Alienation

A common view is that adopted children do not enjoy a healthy relationship with their adoptive parents. Yet a survey by the Search Institute, in Minneapolis, indicates that these children tend to rate their relationships with their parents more positively than does a national sample of adolescents, as measured by affirmative answers to a number of statements about communication and parental involvement.

	Adopted Adolescents	National Sample
Warmth: *There is a lot of love in my family.*	78 %	70 %
Communication: *I have lots of good conversations with my parents.*	65 %	48 %
Family Harmony: *My family life is happy.*	77 %	68 %
Discipline: *If I break one of my parents' rules, I usually get punished.*	61 %	54 %
Parental Involvement: *My parents attend meetings or events at my school.*	52 %	36 %
Support: *If you had an important concern about drugs, alcohol, sex, or some other serious issue, would you talk to your parents about it?*	52 %	47 %

Source: Search Institute.

evidence indicating that adoption leads to positive outcomes for kids. Last year, the Search Institute of Minneapolis released the largest study ever of adopted adolescents and their families (see table above). The study, in which 881 adopted children and 1,262 adoptive parents were surveyed, found that children who were adopted fared as well as or better than a national sample of non-adopted adolescents in self-esteem, mental health, school achievement—even the amount of time spent each week helping others. Adopted adolescents were more likely to agree or strongly agree with the statement "There is a lot of love in my family" than were non-adopted children.

Sociological studies of transracial adoptions are equally encouraging. Rita Simon of American University has conducted a 20-year longitudinal study of transracial adoption. She found that such adoptions cause none of the problems alleged by the NABSW. Rather, black children adopted into white families typically "grow up with a positive sense of their black identity and a knowledge of their history and culture." Simon notes that transracial adoption may produce adults with "special interpersonal talents and skills at bridging cultures."

Second, the anti-adoption movement fortifies the legal and bureaucratic obstacles that are keeping children from finding permanent homes. There are numerous state laws that needlessly complicate or block the process. In Minnesota, for example, if filing deadlines and other technical requirements of state adoption law are not precisely met, parents can be prevented for months or years from finalizing a child's adoption. Thanks to horror stories of baby-selling, four states have laws that ban independent adoptions (though exceptions are permitted). Despite this, more than 45,000 adoptions in 1992 were conducted through private agencies or independent agents—the vast majority of them successfully.

My office receives numerous letters from people eager to adopt but frustrated by laws and bureaucrats. One woman recently wrote: "My husband and I decided we would like to adopt a little girl, thinking we had a lot of love, nurturing, and stability to give a child who had been abandoned or abused. Almost immediately I hit a brick wall." Her local department of social services—in a state with more than 5,000 foster children free to be adopted—told her it was "not taking new cases" of families willing to adopt foster children. A couple wrote that of their three adopted children, "two [had] lingered in foster care, one of whom we were not able to adopt until he was age 18."

Adoptable You

There is at least one other mistaken notion that feeds the legal and cultural bias against adoption—the idea that many of the children in foster care are simply not adoptable. My own experience suggests otherwise, as I was an older child when my foster parents adopted me. And my experience with parents in and outside the foster care system tells me that every child is adoptable.

For every child who is ready for a permanent home, there are families waiting. It is time to shatter the myth that adoptive parents are interested only in "healthy white babies." There are waiting lists to adopt white children, black children, Hispanic children, infants and teens, children with Down's syndrome and with AIDS. Private agencies for years have found families for all types of children. Adopt a Special Kid, a California-based service, receives more than 1,500 inquiries annually from families interested in adopting children with disabilities. The National Adoption Center maintains a computerized listing of 650 qualified families waiting to embrace disabled "older" children. The center reports that infants, even the most severely disabled, are adopted almost immediately.

Outside of the thousands of families who have successfully completed home studies and have registered with

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

with their states, there are no hard figures for the number of parents able and willing to adopt. Certainly there are families who would come forward if public agencies recruited more aggressively. Beginning in November, 1993, Massachusetts stepped up its recruitment efforts with public-service announcements, an aggressive media campaign, adoption "open houses," and community-based recruitment. Such efforts helped increase foster child adoptions by 47 percent in one year.

Most people know someone who has gone to heroic lengths to adopt. Americans adopted more than 7,300 children from other countries in 1993, according to the U.S. Immigration and Naturalization Service. The INS estimates that the 1994 figure exceeds 8,000. Others have spent their life savings to offer permanence to a child; domestic adoption through private agencies or independent attorneys can cost more than $30,000. It is not unusual for foster parents to adopt two, five, or even 10 children under their care. Clearly, the barriers to adoption are neither the characteristics of children who wait nor the parents who want to care for them.

The Route to Foster Care

In addition to the 50,000 children who today are legally free to be adopted, there are hundreds of thousands more who drift for days, months, or years within the state-run system—a system that too often guarantees a parentless future for some of society's most vulnerable members.

Children enter foster care for a variety of reasons. Mom abuses or neglects one of her kids, dad is using drugs or is arrested for a felony, or perhaps the parents are just having a hard time coping with the responsibilities of parenthood. The American Public Welfare Association reports that 70 percent of foster children enter the system because of abuse, neglect, or "parental conditions"—including drug addiction, incarceration, illness, or death. More than 600,000 kids will spend all or part of 1995 in substitute care, up from 434,000 in 1982.

A profile of children in state care belies the stigma that foster children are mostly "unadoptable" troubled teens. Researchers at the Chapin Hall Center for Children at the University of Chicago studied five states whose foster care children make up about half of the U.S. foster care population. They found that from 1990 to 1992, nearly 25 percent of all first admissions to foster care were babies less than one year old. Between 1983 and 1992, the proportion of 12- to 15-year-olds entering substitute care in those states declined. The American Public Welfare Association cites similar trends in national data.

Sadly, the youngest children remain in the system the longest. The University of Chicago study revealed that, after controlling for other factors, children who enter foster care as infants remain in the system 22 percent longer than other young children.

The fact remains, however, that foster care is failing children of all ages. The ACLU reports that one in 10 foster children remains in state care longer than 7.4 years. At least 40,600 foster children have been in care for five years or longer; another 51,300 have been in care between three and five years. System kids, on average, live with three different families, though 10 or more placements is not uncommon. "Every new placement is a loss," says Michael B. Pines, a psychologist specializing in attachment disorders. "The result is that these kids begin not to trust anyone."

Paid to Parent

One of the reasons that foster care tends to ensnare children in a legal and emotional limbo is that its bureaucracy and incentive system attract parents who are unable or unwilling to adopt or help find homes for the children in their care.

Whether adopting through private or public adoption agencies, would-be parents must undergo a home study. Private agencies, which must successfully place children in homes to stay in business, are free to set higher standards for parents than public agencies do. Christian or other faith-based adoption agencies typically emphasize tough standards of behavior. But this is not so for state-run substitute care. In many states, adults who fail the adoption home study get a consolation prize: They can become foster parents. Deemed unworthy to serve as legal adoptive parents, these adults are then paid handsomely to raise children in state care.

Foster homes, group homes, and public orphanages share another vice: Their government money comes with regulations attached. This often guarantees confusion and conflict. Private orphanages always have been driven by a mission: keep girls from getting pregnant, keep children in school, expose children to the Christian faith, and so on. They use a combination of rules and rewards, discipline and love to fulfill their mission. Often, this isn't allowed in a state-run group home, where it may be against the law to hug a child, or to lock the door after midnight, or even to advertise for a married couple to serve as housemasters.

A year in foster care costs taxpayers

$17,500 per child.

Last year, California spent $635 million

on foster and group home care.

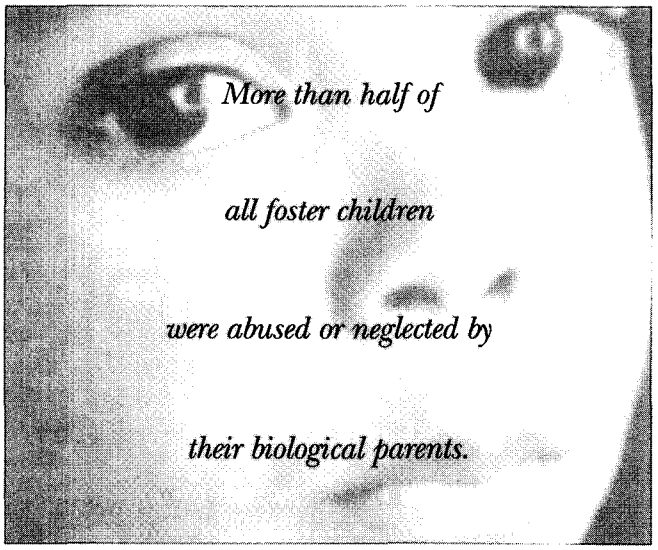
If a permanent, loving family is the surest route to producing happy, well-adjusted children, then what effect does the foster care system, at its worst, have on countless kids? The result of the system's delays, incentive structure, and regulatory grip is that many former foster children ultimately remain dependent on state services. They are wildly over-represented among welfare recipients, the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

homeless, and in juvenile and adult prison populations. In Los Angeles County, 39 percent of homeless youth are former foster children. In New York, 23 percent of the homeless were once in foster care; in Minneapolis, the figure is 38 percent. According to the Bureau of Justice Statistics, former foster children make up nearly 14 percent of America's prison population.

Culture of Victimization

The financial disincentives to adoption and the legal and societal biases against it do not exist in a vacuum; they are rooted in the soil of victimization. More than half of the children who enter foster care were abused or neglected in their families of origin. But the current system grants "victim status" to these parents. It often allows them to cling to their parental rights as they move in and out of social service programs. As a result, tens of thousands of



children remain trapped in foster care, never free to be adopted into stable, loving homes.

Take the case of Halie (not her real name), a two-year-old girl who one day wouldn't eat her dinner. Her mother and mother's boyfriend tied her to an electric heater. Hours passed, until Halie's face, chest, and arm were disfigured. Her mother then threw her into a cold shower, dressed her, and took her to a hospital—claiming the child had spilled hot water on herself. After weeks of hospitalization, Halie entered foster care. For the next 10 years, her biological mother—coached by the local department of social services—maintained her legal rights to the child. Case workers helped Halie's mom to toe the official line to prove she somehow was still capable as a parent: She married her boyfriend and had a child with him.

When Halie was 12, her case workers and a judge approved overnight and extended visits between Halie and her biological mother. Halie's mother rejected a judge's offer to regain custody. She didn't want to raise Halie, but didn't want to let her go, and the state gave her all the legal and financial help she needed. Halie spent her teen years in group homes and foster homes. She turned 18 in foster care.

Most states give biological parents every possible chance to prove they are fit—while their babies grow up in state care. A family recently wrote me about their two-year-old foster daughter: "She is precious beyond belief, and her parents are being given chance upon chance to clean up their lives—at her expense, as we see it. She is so adoptable by the right family, but the system will keep her under lock and key for years if necessary for her parents' benefit."

In our social-work schools, counseling centers, and government-funded research, the culture of victimization insists that the most despicable behavior by abusive parents has its causes in economics, racism, broken homes—anything but the consciences and moral choices of men and women. We have devised a foster care system that puts a vogue pop psychology ahead of the well-being of children. This helps explain why roughly a third of all the foster children who are reunited with their families of origin soon return to state care. Indeed, it is the only explanation for some of the bizarre attempts I have seen to reunite a foster child with a parent who is clearly unwilling or unfit.

Under federal law, states cannot obtain federal funds for foster care unless "reasonable efforts" are made to keep members of the family of origin together ("family preservation") or to reunite the family ("family reunification"). But the federal government nowhere defines "reasonable efforts," and only a few states have specific statutes. It's a classic Catch-22: Children are not free to be adopted until every reasonable effort is made to return them to their biological parents. But almost no one seems to know what constitutes a reasonable effort, that is, what services must be offered to parents who need outside help.

When, for example, a public agency reports to a judge that a mother has failed her drug-treatment program, the judge is likely to insist that the mom enter *every* drug treatment program available. So biological parents are given multiple chances to fail at parenting, while children may bounce between state care and their family of origin. The Department of Health and Human Services (HHS) admits that the inability to meet "reasonable efforts" standards is the primary barrier to foster child adoption.

From my own experience in foster care, the most difficult part was watching my brothers and sisters return to biological parents who had burned or beaten them, or put out cigarettes on their children's bottoms. I felt like an accomplice. It must have been hard for my parents, who could do nothing to stop it.

Most foster parents, at one point or another, must relinquish a child to a home situation that is precarious. One foster mother of five years wrote: "I have been seriously reconsidering my position as a foster parent because when we started this it was to try to help these children, and I am finding out that I am not able to do that. The pain and heartbreak of not being able to protect these children is a heavy burden to bear." Until the system is reshaped, it is a burden that every one of us carries.

Assignment: Adoption

It is one thing to tolerate inefficiencies and bureaucratic delays in other areas of public life—public toll

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

roads, for example. Such inefficiencies don't cost children 18 years of their lives. We do not need another study, or blue-ribbon commission, or congressional subcommittee hearing. When I was four years old, it didn't matter to me that someone was getting a research grant to study the effects of foster care on childhood development. What I wanted was a last name.

I am convinced that there are more parents willing to adopt than there are children ready to be adopted. But the market for adoption is frustrated by the regulatory system now in place. To create a more efficient system, one with incentives to help rather than abandon innocent children, we must get Big Government out of the business of parenting. I do not mean we should create a market in babies. I am not talking about baby-selling. I am talking about serving babies and children by removing the barriers to their enjoyment of stable, loving homes.

Where parts of foster care and adoption are privately run, competition and incentives have led to better outcomes for children. In Michigan, where two-thirds of foster care management is privatized, private providers spend less per child, yet have achieved better social worker-to-child ratios than those of state-run agencies. Adoption is, in fact, the ultimate form of privatization: wresting authority over children's lives from the state and allowing children to be free, to be raised not by government but by parents.

We must reform, state by state, our system of transferring parental rights—from the government, which can never be a parent, to parents who are eager and able to bring these children into their hearts and lives. Congress recently has taken interest in adoption reform by proposing a $5,000 tax credit for adoptive parents. But will that tax credit get children out of foster care more quickly? No. Does it stimulate a market in private adoptions? No. Does it allow independent adoptions in states where they are now outlawed? No.

Tax credits might make adoption a little easier for some parents, but they will not make adoption work. To do that, we need reform at the federal and state levels—bureaucratic reform that will shatter the incentive structure that traps kids in foster care, and legal reform that will free children who already have spent years in substitute care. In Massachusetts, we call it "Assignment: Adoption," a comprehensive plan that our institute is bringing before federal lawmakers and state governors:

Hold states accountable for reporting their progress in finding homes for children in foster care. Here is one federal mandate that states ought to be obliged to take on. Washington should require that states make publicly available, within 30 days of the close of each fiscal year, the following information: (1) the number of foster children in state care; (2) the number of foster children free to be adopted and still in state care, but not in pre-adoptive placements; (3) the number of state-recruited families with completed home studies.

Most conservatives right now wouldn't touch a federal mandate with a 10-foot pole. I would prefer to see an entirely private system that includes a strong charitable element. Until that happens, a few basic requirements on the states are in order. We're talking about giving children a mother and a father. And until we know the depth of the problem in each state, until the number of kids waiting for homes becomes part of our thinking and vocabulary, state agencies are unlikely to change. There are people in our state departments of social services who know these numbers, but we're not hearing them.

Prohibit race-based delays in adoption. Congressional attempts to outlaw race-matching in adoption have yet to free tens of thousands of children of color from foster care. This summer, the U.S. Senate will consider a welfare-reform bill that prohibits race-based delays in adoption. Even if Congress approves the bill, its impact could be minimal.

Recall that the Multiethnic Placement Act of 1994, sponsored by former U.S. Senator Howard Metzenbaum, had a similar goal, but it was watered down. Under guidelines released by HHS in April, the new law allows adoption agencies to consider the child's "cultural, ethnic, and racial background." As reported by the *Washington Post*, the guidelines "stopped far short of requiring that adoption must be colorblind."

It is at this point that the discrepancies between legal precedent, public policy, and social-work practices become painfully clear. The HHS guidelines have not overturned any state laws requiring that race be considered in adoption. And with vaguely written state statutes, case workers will continue to have a lot of power over whether a child will be adopted or languish in long-term "temporary" care.

Suppose every state had adoption policies that were truly colorblind. We at the Institute for Children are challenging governors to remove any and all restrictions to adoption based on race. What would happen if thousands

Fifteen percent of all children

in America are black,

but 40 percent of the children

in foster care are black.

of children of color grew up in white or mixed-race families? It would produce an amazing generation of young people who, instead of growing up without a last name or a permanent home, were raised by loving parents in a diverse, multicultural environment. Why are some black leaders so afraid of that? If their real agenda is the well-being of children, then the evidence is in. Children are infinitely better off in a loving, interracial home than as virtual orphans in foster care.

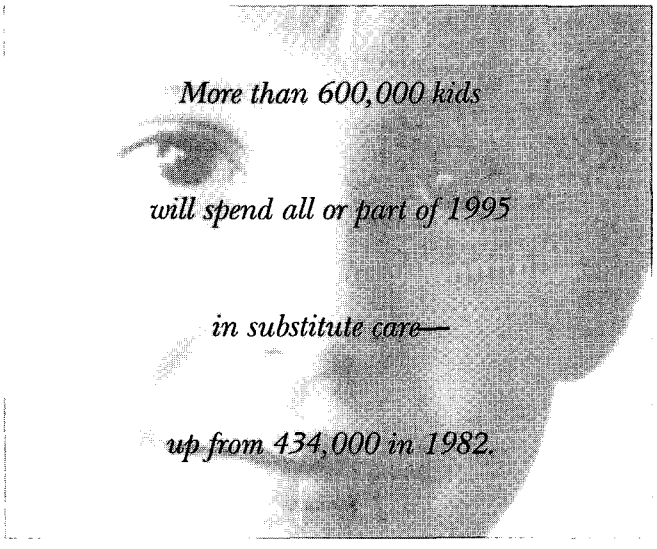
LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

End government funding that creates incentives to keep children in substitute care for longer than 12 months. Part of the problem is that government money extends indefinitely, with no sanctions enforced against bureaucratic delays. The Adoption Assistance and Child Welfare Act of 1980 required a "permanency plan" for every child within 18 months of entering foster care. This means that case workers decide whether to reunite a child with his family, place him in long-term fostering, an independent living arrangement, a group home, or make him free for adoption. Adoption is the permanency plan for 100,000 foster children, but no one knows how often these plans result in permanent homes for children.

Deadlines for permanency plans come and go, court dates are postponed, files are lost as children are shuffled among foster families. A federal study reveals that children spend, on average, 30 to 42 months in foster care before adoption is even decided on as a permanency plan. Once that happens, the state files a petition to terminate parental rights; the filing can take another six months or more. A report by HHS admits that in some states "children had an official plan of adoption for more than three years, but no petitions had been filed."

The result is that in probably every state there are children who have been in foster care longer than 10 years. Meanwhile, the money to support children in state-run care keeps coming, with no consequences to the state bureaucracies that fail to place children.

Require that states find adoptive homes for children within 30 days after the termination of parental rights. The foster child who is freed for adoption typically has been in the system for at least two years and has had a permanency plan of adoption for at least one year. Yet, as children become legally free to be adopted, states claim to need more time to find families for them! Our institute recommends a 30-day window: If the state does not have a qualified family waiting, one who has met the child and is



ready to proceed with the adoption, then state officials must contract out the adoption process to a private agency. Qualified families exist in large numbers, and private adoption agencies are pretty good at finding them. Three years ago, Michigan launched a carrot-and-stick program with public and private adoption agencies to get kids into permanent homes more quickly. Since then, total adoptions are up, and the number of black children adopted has increased by 121 percent—about 700 kids in the past year alone.

Critics call this baby-selling and claim that government should not act like a business. As someone who has seen the machinery of the state from the inside, I argue that government could promote children's well-being much more effectively if it acted more like a business. I am not alone in noting the failure of foster care management. The director of the ACLU's Children's Rights Project recently wrote, "If the foster care system were considered a business, with its profit-and-loss statements judged in terms of unnecessary human suffering inflicted by mismanaged systems, in terms of misspent dollars, or even in terms of how far these systems depart from their own goals, it would have been forced into bankruptcy long ago."

Getting Kids Out of Limbo

All of the above reforms are aimed at getting the children now eligible for adoption into permanent homes as quickly as possible. But there are more than 600,000 children in foster care at some point during the year. Most of those kids are happily reunited with their parents. Many of them, however, become trapped in the state-run system—children who are never free to be adopted, but who will not or should not return to their biological parents. There are at least three steps every governor could take to rescue these children from the worst effects of foster care and help them find a home:

Make entrance requirements for foster families as stringent as those for adoptive families. In the wake of a wave of child deaths in foster care, people are beginning to speak out about the need to raise the standards for being licensed as a foster parent. As one advocate put it, to be a foster parent "all you need is a clean criminal record and an extra bed." People who have failed an adoption home study can sign up with the state as foster parents. Foster children deserve better than that.

Critics argue that if we raise the requirements for foster families, there won't be enough qualified people to take care of the kids. I have more confidence in the generosity of the American people. I think if you raise the requirements, you'll see more foster parents and better care. Look, for example, at private schools with higher requirements and lower teacher salaries than public schools; they continue to attract excellent teachers and deliver a quality education. By maintaining a separate set of standards for foster parents than those for adoptive parents, we are saying to a half-million kids that it is not important where they spend the most formative years of their lives.

But this is not the only disgrace in foster-parent licensing and training procedures. In state-sponsored training courses, foster parents are admonished, "Do not get too close to your foster children. Do not form a bond." Foster parents are instructed that their main task is to facilitate a child's return to his or her biological parents. From day one, good foster parents are discouraged from adopting.

Certainly there is a stigma attached to being a foster

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

parent—the system has created it. It is that stigma that discourages many capable and loving people from fostering. If the entrance requirements for fostering were as high as those for adopting, foster children would be better cared for. The anti-adoption establishment wouldn't like it, because it would ruin the standard argument that foster parents are not adequate to adopt.

Allow no more than 12 months for biological parents to prove their fitness to resume custody of their children. This may be the most difficult law to pass at the state level, but it also may be the most desperately needed. State laws can be so vaguely written and so easily assailable that termination of parental rights is always a last resort and can take years of court hearings. There are many in the field who believe it is almost always better to send children back to their natural parents. The Child Welfare League promotes the notion that "no one can truly substitute for the family of origin."

I agree that nature provides every child with two protectors—a man and a woman—and that we're meant to be with our biological parents. But nature didn't design women's bodies to endure crack cocaine; it didn't design children to be shaken until they suffer cerebral hemorrhages. Family preservation doesn't work in these cases because there is nothing left to preserve.

State governors should take the lead in setting tough sanctions against parents who neglect or abuse their kids. By setting a deadline for parents to get their lives together—to get off drugs, get out of jail, find a place to live, and even get a job or go to school—we remind them that they really are responsible for their actions. But the deadline must be final and incontestable; otherwise, irresponsible parents will continue to imprison their children in a labyrinth of legal battles and parentless foster care. The 12-month limit has yet to be adopted by any state and is indeed a radical departure from the years it can now take to legally separate a child from unfit parents.

Allow no more than 30 days from the birth of the child for biological fathers to formalize paternity. The "Baby Jessica" and "Baby Richard" cases have demonstrated the law's allowance for biological fathers who come out of the woodwork to claim their children after they've been adopted. In the now pending "Baby Emily" case, a little girl born in 1992 was soon placed for adoption after the father's rights were terminated for abandonment (he was doing jail time for a rape conviction). But now the father is out of prison and has sued for custody of his daughter. The adoptive family's finances have been completely exhausted as the case awaits adjudication in Florida's supreme court.

Governor William Weld of Massachusetts has sent to the legislature a proposal that, if passed, will prevent such tragic cases in Massachusetts. The proposal requires every unwed biological father to formalize paternity within 30 days of the child's birth, and to maintain contact with the child and provide financial support to the best of his ability—or forfeit his right to contest the child's adoption. Ideally, that would mean no appeals, no hearings, no state officials pulling children out of their adoptive homes. The legislation, if not severely amended, could serve as a model for state reform.

A Life That Matters

A teenage girl—we'll call her Sarah—who worked for our institute last summer was a system kid; she had turned 18 in foster care. This was her first job and she was surprised when she noticed that taxes had been taken out of her paycheck. She asked me what the government would do with her money. In my usual non-partisan spirit, I explained how the federal government would spend the $300 withheld from her summer earnings. She actually started to cry. She looked at me and asked, "Will it go to pay for foster care?" She said it hurt her that she had worked so hard only to help the government keep some other child from being adopted.

After Massachusetts launched

an aggressive pro-adoption campaign,

foster child adoptions

increased by 47 percent.

That's what the system is doing to our children. Though my own experience in foster care was a good one, it opened my eyes to the real hardships of countless children. My foster brothers and sisters who might have gone back safely to their families of origin too often and for too long were delayed from doing so. Others lived the saddest stories of rejection—they had been burned, beaten, sodomized or battered, left in a doorway or in a fruit field, but later sent "home" to their abusers. Like foster children everywhere, many who could have been adopted were denied the chance to be loved and cherished by a family who would always be there.

Let's be honest: Adoption is no fairy tale. It is a risk. Kids don't always go home and live happily ever after. But every parentless child knows the alternative: the feeling that there is no one to whom her "case"—that is, her life—really matters.

When parents adopt, they can accomplish something government cannot: They can convince a child she matters. That's what makes adoption such a great gift, an expression of unconditional love and compassion. Don't we, as a society, owe that gift to our children?

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Split Personality

Why Aren't Conservatives Talking About Divorce?

William R. Mattox Jr.

Buried deep within one of the many articles that sought to account for the tragic suicide of Kurt Cobain last year was a most surprising revelation. According to *Village Voice* writer Sarah Ferguson, the grunge-rock pioneer's favorite television shows included *Leave It to Beaver* and *Mayberry, R.F.D.*

That a cutting-edge cultural icon married to alternative rock's premier feminist (Courtney Love, of the band Hole) could have such retrograde, politically incorrect viewing tastes was, in Ferguson's mind, "odd." But it was also revealing. Grunge rock "is music for kids who grew up too fast," Ferguson says. "It engages in a kind of mournful nostalgia for a childhood without violation."

Cobain was certainly no stranger to violation. Every significant examination of his life regards the divorce of his parents as a major turning point. In fact, so painful were Cobain's memories of the divorce that he once held a gun to his head and told his wife, "I'd rather die than divorce."

Clearly, one does not have to regard Mayberry as nirvana in order to believe that Cobain and many members of his generation would have fared far better if they had grown up in something resembling Beaver Cleaver's neighborhood. Yet, few people today—even conservatives—are prepared to confront the problem that first sent Cobain's young life reeling. Indeed, when Dan Quayle returned last year to the San Francisco club where he gave his famous 1992 Murphy Brown speech, he was quick to point out that when he spoke of the problems surrounding single-parent families, he wasn't referring to "households where the father has died, or even where he is separated by divorce." Rather, Quayle said, he was referring to "those households that have never known a father."

Now, in fairness to Quayle, he also noted that "the ideal situation for our children is to be born and raised in an intact family." Nevertheless, by suggesting that divorce has more in common with death (which is almost always involuntary) than with illegitimacy (almost always voluntary), Quayle's remarks contribute to the trivialization of divorce at a time when social scientists are increasingly likely to agree that the impact of divorce on children is almost always negative and often devastating.

Indeed, as Barbara Dafoe Whitehead argued in her celebrated article on family break-up in the *Atlantic Monthly*, divorce—like illegitimacy—is strongly linked to a wide variety of negative outcomes for children, from child abuse and neglect to serious juvenile crime. A 1994 study of juveniles in the Wisconsin correction system found that 1 in 3 came from divorced or separated homes. Several studies show that unmarried girls whose parents divorce are much more likely to engage in premarital sex and get pregnant out of wedlock than girls from intact households. A 1994 study by researchers at Duke and North Carolina State University reported that family dissolution is a stronger predictor of suicide for young males than such factors as unemployment.

Despite the clear impact of family break-up on children, "some people aren't comfortable talking about divorce and adultery," former Education Secretary William Bennett told a Christian Coalition conference last year. "But it seems to me we have to talk about them. They are before us, and they have great consequences."

Great indeed. The number of children directly affected by divorce has more than doubled in a generation, from 463,000 in 1960 to 985,000 in 1991. Until political and cultural leaders give proper attention to the link between divorce and many of our nation's most serious social problems—crime, poverty, educational decline—we stand little chance of reversing these trends.

Too Close to Home

One of the obvious reasons there is less public handwringing about divorce than illegitimacy is because divorce hits closer to home in middle America. As Chester Finn of the Hudson Institute recently observed, "Whereas illegitimacy happens mostly among people who live on the other side of the tracks, much divorce and separation takes place in 'our' own neighborhoods, indeed among our friends and relations, and sometimes even ourselves." Divorce is subject to the phenomenon Senator Daniel Patrick Moynihan calls "defining deviancy down," in which a society loses its capacity to define certain problems as problems because of their sheer prevalence. Illegitimacy, conversely, continues to be viewed as "deviant" because it is still fairly rare among the middle and upper classes.

William R. Mattox Jr. *is the vice president for policy at the Family Research Council, in Washington, D.C.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

It is frequently asserted that half of all marriages end in divorce. The number, derived by comparing the annual number of marriages to the annual number of divorces, overstates the likelihood of a failed first marriage. This is because the number is skewed upward by the experience of men and women who have gone through divorce many times. The truth is that about one quarter of all adults who have ever been married in America today have also experienced divorce.

Still, divorce is common enough that to raise concerns about it publicly is to risk being impolitic. As Bennett puts it, "The rules are broken down. If you leave your wife and get yourself a 'trophy wife,' you're not going to be greeted with condemnation or even a raised eye by most people, because it has become a convention."

Not only has this convention stifled debate, but it has helped create an expectation of marital failure that can be seen throughout our culture. A recent cartoon in a major publication depicted one young adult saying to another, "It's only marriage I'm proposing after all, not a lifetime commitment." Similarly, in a recent *Newsweek* story on divorce, one young woman explained why she limited the guest list at her wedding to 70 people, less than one third the size of her sister's wedding list: "I was afraid to make that much of an investment," she said. "What if it didn't work out? Then, I'd have to tell all those people."

Such apprehensions about marriage are especially common among those whose parents have split up. A study by Pamela Webster, a sociologist at Brown University, found that adults whose parents had divorced rated their own chances of divorcing to be considerably higher than did adults whose parents had not divorced. This finding held up even when comparing groups of couples who rated their marital happiness equally.

Sadly, expectations of marital failure have a way of becoming a self-fulfilling prophecy. Psychologist Silvio Silvestri reports that adult children of divorced parents are four times more likely to get divorced than adult children of intact couples.

The Myth of the Good Divorce

Another hindrance to public discussion of marital dissolution is that many Americans still want to believe that divorce can lead to greater personal fulfillment and stronger relationships between men and women. In the closing scene of the hit movie *Mrs. Doubtfire,* the central character offers some grandmotherly advice to a young girl trying to come to terms with her parents' break-up. "Some parents, when they're angry, they get along much better when they don't live together," Mrs. Doubtfire says. "They don't fight all the time and they can become better people and much better mommies and daddies."

However much many would like to believe this view of divorce, it is increasingly at odds with the experiences of both children and adults. A study at the University of Oregon found that the impact of divorce on a woman's health and well-being is far more serious than the impact of being fired. Another study, from the University of Alberta, shows that divorced or separated individuals are roughly three times as likely to commit suicide as married people. The University of Texas reports that "divorced men exhibit substantially higher rates of psychological distress and alcohol consumption than do married men." And David Larson of the National Institute for Healthcare Research reports that "being divorced and a non-smoker is only slightly less dangerous than smoking a pack or more a day and staying married."

MANY AMERICANS STILL WANT TO BELIEVE THAT DIVORCE CAN LEAD TO GREATER PERSONAL FULFILLMENT AND STRONGER RELATIONSHIPS.

These and other research findings recently prompted an eclectic group of prominent scholars known as the Council on Families to issue a report decrying the state of marriage in America. The report observed, "In the domain of marriage and family life, our recent explosions of freedom have taken a terrible and largely unexpected toll. Relationships between men and women are not improving; they are becoming more difficult and more unhappy. Many women are experiencing chronic economic insecurity. Many men are isolated and estranged from their children. Many more people are lonely."

Rebuilding the Walls

Over the last three decades, the walls surrounding lifelong marriage have crumbled. The age-old social barriers to divorce, promiscuity, illegitimacy, and cohabitation have been removed in the name of promoting personal freedom and self-expression. A growing number of people—especially those in Cobain's generation—now know first-hand that the walls that were thought to entrap and restrict were really there to protect.

So how can the walls be rebuilt? How can confidence in the institution of marriage be restored? Although it would be a mistake to draw inspiration from the last three decades of welfare-state activism, there are some constructive models for addressing certain social problems. One such model is the anti-smoking movement.

At a time when virtually every other area of American life was becoming more and more permissive, the anti-smoking movement succeeded in convincing the American public to adopt less permissive attitudes about smoking. Not only did many Americans change their own behavior (the proportion of adult smokers fell from 42.4 percent in 1965 to 25.6 percent in 1991), but Americans supported efforts to modify the behavior of others.

The anti-smokers' success was due to many factors, including:

- The careful collection and dissemination of compelling research on the health risks of smoking and inhaling second-hand smoke;

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

• The effective use of media persuasion, including articles, op-eds, essays, reports, and public-service advertisements;
• The tireless pursuit of incremental changes in public policy (limiting sales to minors, banning smoking on airplanes and in public buildings, etc.);
• The periodic sponsorship of special events (like the Great American Smoke-Out) to raise public awareness and spur private action;
• The ongoing provision of practical services (counseling, support groups, etc.) to people interested in behavioral change.

To restore confidence in marriage, we need a similar multidimensional strategy. This strategy should seek to repeat the anti-smokers' success, giving particular emphasis to the following four ideas:

Focus on the future. For many people, the subject of divorce is intensely personal and extremely painful. It evokes bad memories and bitter feelings. As such, no attempt to restore public confidence in the institution of marriage is likely to succeed unless it is forward-looking.

This means focusing public attention on lowering the divorce rate henceforth. And it means giving greater emphasis to the future choices of today's young people than to the choices made by their parents. "It may be unreasonable to expect a widespread change of heart about marriage among today's adults," states the Council on Families. "But young people can and often do strive to rebel, to be idealistic, and to do things differently than their elders."

Illustrations by Zoya Eydelman

Indeed, in one marriage-related area—sexuality—there is already evidence of a movement among today's young people to challenge norms ushered in by their parents' generation. In the last few years, hundreds of thousands of young people have joined public campaigns pledging to save sex for marriage, and the proportion of high schoolers who report that they have had sexual intercourse at least once has declined by at least 6 percentage points since 1990.

A youth-oriented campaign extolling the virtues of lifelong marriage is likely to win support from intact married couples. And it should win support as well from many who have experienced divorce, since most divorced parents want marital success for their children every bit as much as intact couples do.

Still, success will not come easily. While many children of divorce long for the strong, enduring marriages their parents never had, many are wary of commitment and fear repeating their parents' mistakes. This is one reason cohabitation is so prevalent among the young. Yet, far from increasing the likelihood of marital success, "trial marriages" actually are linked to higher divorce rates. Indeed, a 1991 study published in the *Journal of Marriage and the Family* found that 40 percent of cohabiting unions disintegrate before marriage, and that marital unions that begin as a cohabiting relationship have a 50 percent higher rate of divorce than those that do not.

Challenge the church. No cultural institution is more important to the restoration of marriage than the religious community. Churches and synagogues claim a time-honored, divinely-ordained role to help couples understand the moral and spiritual nature of their marriage vows. Religious institutions bear a unique responsibility for helping those embarking on and struggling to maintain marriage commitments. Similarly, only faith communities can offer redemptive hope to people who have experienced marital failure.

While religious leaders do not bear full responsibility for the absence of public discourse about divorce, they can hardly blame others for the failure of many marriages. Author Michael McManus notes that many churches have become "blessing machines" that wed interested couples but offer few marriage-related services, like counseling for engaged and married couples, practical advice on how to strengthen troubled marriages, and mentoring programs for younger couples.

Sermons that warn against divorce or condemn the casual termination of marriages are not popular among some ministers, McManus says. Sermons that acknowledge that the Bible prohibits remarriage in some cases (Matthew 5:32) are even less popular, even though unqualified acceptance of divorce and remarriage can only discourage marital perseverance.

The failure of the church (particularly the Protestant church) to significantly influence the surrounding culture can be seen in the fact that four of the six states with the worst divorce rates in the country (Alabama, Arkansas, Oklahoma, and Tennessee) are found right in the heart of the Bible Belt.

When religious leaders take seriously their responsibility for strengthening marriage in their congregations and their communities, divorce does decline. For example, several years ago, ministers in Peoria, Illinois, adopted a community marriage policy that stated none of the city's churches would marry any couple that had not complet-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ed a premarital counseling program. In the three-year period after the pact was adopted, Peoria's divorce rate fell nearly 20 percent.

Elevate marriage in public policy. America's retreat from marriage is first and foremost a problem of the heart. It cannot be fixed by the issuance of a government decree or by the adoption of a new government policy.

This does not mean, however, that reform of public policy has no place in a larger strategy to restore confidence in marriage. The law is a teacher. America's casual attitudes about marital permanence are both reflected in and advanced by laws that permit "no-fault" divorce in cases where one spouse wishes to preserve the union, and by laws that require some married couples to pay dramatically higher taxes than cohabiting couples.

Reversing these misguided policies will not only help those directly affected by them, but will also teach others that lifelong marriage is the normative standard our society upholds. Thus, pro-marriage policy reform is both an end in itself, in that it corrects legal wrongs, and a means to an end, in that it stimulates a broader cultural appreciation of marital permanence.

How, then, do we solve these problems? Michigan's state legislature is considering a divorce-reform proposal that would require the establishment of "fault" in cases where one spouse wants to preserve the marriage. This change (and a similar provision requiring "fault" in cases where children are involved) would make family abandonment more difficult by offering greater legal protection to innocent parties in divorce cases.

On the tax front, three ideas deserve attention. Allan Carlson of the Rockford Institute advocates the resurrection of "income-splitting," a practice that allows married couples to divide their total earnings evenly between them before assessing their tax liability. This practice prevents a second income from kicking couples into a higher tax bracket—whether that second income comes from a wage-earning wife or a moonlighting husband.

Another tax option worth considering is a deduction that would adjust tax liability not just for marital status, but also for marital longevity. Tax benefits that modestly increase with each year that a couple stays together would allow a portion of the societal benefit associated with marital stability to be claimed by those who have been married the longest.

Certainly, one must guard against wildly skewing the tax code to promote social goals. But if divorce truly imposes economic costs on society (higher crime, greater need for remedial education, higher health-care costs, and the like), then it may be beneficial to allow lifelong married partners to pay slightly lower taxes than their contemporaries who are married for the second or third time.

Finally, we should consider eliminating "means-testing" in various government programs, since income-based limits on program eligibility tend to penalize marriage. Some married households with income above the threshold can qualify for benefits if they split up and form two separate households. Likewise, some cohabiting couples able to claim benefits as unmarried individuals would lose their benefits if they were to marry and combine their household income.

Valorize marital toughness. There is a common misconception that couples who have good, solid, enduring marriages are "lucky." Supposedly, happily married couples do not face any of the conflicts and struggles that other couples face. They do not go through rough times or encounter serious relational turbulence.

The truth is, every marriage faces trials and hardships and breakdowns in communication. Yes, some couples manage to limit conflict better than others, but every marriage faces difficulties. Ruth Bell Graham was once asked if she had ever contemplated divorcing her husband, evangelist Billy Graham. "No," she said, "but I have considered murder."

If every marriage faces challenges, why is it that some survive and others do not? According to John Gottman, of the University of Washington at Seattle, couples that succeed work hard at resolving conflict. In his recent book, *Why Marriages Succeed or Fail*, Gottman argues that many of the theories about why some couples divorce—money problems, sexual disagreements, incompatibility, and so on—fail to explain why other equally dissatisfied couples confronting these very same issues do not split up. The real issue, Gottman concludes, is not money or sex or

compatibility. The real issue, instead, is whether couples are willing and able to work out their marital differences.

Research by social scientists Nick Stinnett and John DeFrain shows that one of the seven characteristics commonly found in strong, healthy families is the ability to deal effectively with conflict and crisis. Like Gottman, Stinnett and DeFrain find that couples who have to work through difficult problems believe that experience strengthens their marriages. This is important, because most public discussion about divorce revolves around whether divorce would be better than a marriage in which

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

spouses are fighting all the time. This framework assumes falsely that a marriage gone sour can never be made sweet again. It encourages many couples to throw in the towel prematurely.

David Blankenhorn, the president of the Institute for American Values, argues that a broad spectrum of marriages exists in America today. At one end are a small percentage of marriages that are almost effortlessly blissful; at the other, a small percentage that are headed for almost certain failure. Between these two extremes, Blankenhorn says, are the overwhelming majority of marriages: unions that can, with grit and perseverance, not only endure but prosper.

Encouraging lasting commitment in a society that seeks instant gratification is no small challenge. But if it is true that people tend to do those things that are most apt to earn them a good reputation, then it follows that deliberate efforts to valorize marital toughness and perseverance are needed in everything from high-school textbooks to Hollywood movie scripts. At the very least, such efforts could help counterbalance existing cultural messages that undercut marital permanence and stability.

Efforts to valorize enduring commitment should be particularly targeted at men, who historically have shown a greater propensity to neglect family responsibilities than have women. Turning the hearts of men to their families may do more to address divorce (and many other social problems) than any other proposed remedy. On this front, the most encouraging signs on the cultural landscape are the emergence of groups urging men to see that self-sacrifice is a defining characteristic of authentic masculinity. The National Fatherhood Initiative is devising strategies to restore the importance of fathers in society's thinking about family and community life. The National Center for Fathering helps provide dads with practical childrearing skills. The Promise Keepers movement challenges men to make and keep a set of pledges to their wives and families. This year, more than 600,000 men are expected to attend Promise Keepers conferences and seminars.

Given the tenuous state of marriage in America—and the tragic consequences of divorce on kids like Kurt Cobain—one should hope that these efforts succeed. America desperately needs more men to commit themselves to their wives in the way that Theodore Roosevelt once did. On the day that his wife accepted his marriage proposal, Roosevelt wrote in his journal: "The aim of my whole life shall be to make her happy and to shield her and guard her from trial, and, oh, how I shall cherish my sweet queen. How she, so pure and sweet and beautiful can think of marrying me, I cannot understand, but I praise and thank God it is so."

THE FREEMAN

IDEAS ON LIBERTY

Now, more than ever.

Tired of politics as usual? Discover *The Freeman*—the most respected and imitated journal of liberty in America. For more than 40 years *The Freeman* has uncompromisingly advanced the positive case for individual rights and the free society. Each monthly issue is packed with lively features on economics, commentaries on the latest political follies, and superb historical and biographical sketches—all written with insight, clarity, and wit.

Recent contributors have included Thomas DiLorenzo, David Henderson, John Hospers, Tibor Machan, Jim Powell, Sheldon Richman, Lew Rockwell, Jane Shaw, Fred Smith, Richard Stroup, and Lawrence White—plus regular columnists Hans Sennholz, Doug Bandow, Bob Bidinotto, Larry Reed, and Mark Skousen.

Subscribe today and see why Malcolm S. Forbes, Jr., has called *The Freeman* "the magazine of liberty, lucidity, and brevity." An annual subscription-donation of $30 for U.S. addresses ($45 foreign) will bring *The Freeman* to your door. VISA and MasterCard orders accepted: telephone (800) 452-3518 or fax (914) 591-8910.

✪ **SPECIAL BONUS: Mention *Policy Review* when subscribing and receive a copy of *Clichés of Politics*, a 316-page collection of 83 rejoinders to collectivism's most common myths—a $15.95 value, free! Offer ends October 31, 1995.**

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

EMBRYONIC TREND

How Do We Explain the Drop in Abortions?

FREDERICA MATHEWES-GREEN

After presidential candidate Bill Clinton vowed to make abortion "safe, legal, and rare," President Clinton and his administration devised a somewhat bizarre strategy to help accomplish that goal. Within days of assuming office, the president signed four executive orders addressing abortion: He lifted the ban on fetal tissue research; he ended the ban on abortion counseling in federally funded clinics; he began a process to approve the abortion pill RU 486; and he revoked the prohibition against abortions in military hospitals overseas. All these policies would seem to increase the accessibility and likelihood of abortion.

Even so, it is remarkable that abortion does seem to be slightly rarer. The total number of abortions in America dropped by 80,000 in 1992, hitting its lowest level since 1979. Abortion rates, declining for more than a decade, dropped again, to under 26 per 1,000 women of childbearing age. There was a decrease as well in the percentage of pregnancies ending in abortion, from a high of about 30 percent in 1983-85 to less than 27.5 percent in 1992. For the first time since *Roe v. Wade*—the Supreme Court ruling that repealed every state law restricting abortion—we have seen significant declines in all three categories for measuring abortion in America. And, though statistics aren't yet available, abortion providers expect to see lower numbers for 1993 and 1994.

BY ALL MEASURES, WE ARE SEEING A SIGNIFICANT DECLINE IN ABORTIONS FOR THE FIRST TIME SINCE ROE V. WADE.

Why?

The evidence for a decline in abortion is, admittedly, incomplete. Many states don't collect the sort of data required to draw solid conclusions—such as precise, annual figures for abortions, teen pregnancies, and illegitimate births. And whatever the decline in abortion, the descent has not been terribly steep. From 1980 to 1990, the annual figure wobbled between 1.55 million and 1.61 million. Though abortions performed in 1992 dropped to 1.53 million, the figure represents only a 5 percent decline from its 1990 peak.

There seem to be at least four reasons for this slight decline. Over the last several years, we have witnessed a social movement to encourage teenagers to postpone sexual relations until marriage, increased professionalism and sensitivity in the nation's pro-life pregnancy care centers, growth in state laws fostering a fully informed abortion decision, and a decline in the number of doctors who perform abortions.

LEARNING TO WAIT

Until recently, the prevailing approach for reducing the level of abortion has been to encourage contraceptive use, while reserving abortion as a fall-back solution. The assumption of this approach is that it is impossible to reduce sexual activity among teens or adults outside of marriage. Advocates of this position hope there are fewer abortion clients because women are making more efficient use of contraceptives. According to Susan Tew of the Alan Guttmacher Institute, the proportion of unplanned pregnancies actually increased in the 1980s, from 54 percent in 1982 to 56 percent in 1988, the latest year for which figures are available. Tew says that women who are "young, poor, unwed, and minority" are more likely to have abortions, less likely to find access to contraceptives, and to understand the relative risks and benefits of various methods. More recent survey data indicates that the use of oral contraceptives and condoms is increasing; the latter may be due to heightened awareness of the dangers of sexually transmitted diseases.

However, part of the recent drop in abortions could be attributed more to a decline in teenage sexual activity than a rise in contraceptive use. Studies by the Centers for Disease Control have shown the proportion of sexually

FREDERICA MATHEWES-GREEN *is a syndicated columnist with Religion News Service and a national correspondent for* World *magazine. She is the author of* Real Choices.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

experienced highschoolers dropping: In 1989, 59 percent engaged in intercourse, in 1991 the figure was 54 percent, and in 1992 it dropped to 43 percent. A 1994 Roper Starch survey, conducted in association with the Sex Information and Education Council of the United States, found that only 36 percent of high schoolers said they had had sex. In the latter survey, many of those who had "done it" wished they hadn't: 62 percent of sexually experienced girls, and 54 percent of all experienced high schoolers, said they "should have waited."

Confirmation of these sentiments is found in an Emory University survey that asked 1,000 sexually active young teen girls what topic they wanted more information about. Nearly 85 percent checked "How to say no without hurting the other person's feelings." The meaning of politeness has shifted in one generation from "nice girls don't" to "nice girls have to."

Abstinence-education programs across the country have found that telling kids not to have sex is surprisingly successful. A Title XX performance evaluation found that, two years after the Sex Respect program, non-participants were twice as likely as participants to have gotten pregnant. When the Teen Aid program moved into a California junior-high school, 147 students were reported pregnant; two years later, only 20 girls were pregnant. At a Chicago middle school, each eighth-grade graduating class usually included some pregnant girls; but three years of Project Taking Charge yielded three classes with no pregnant graduates.

One of the most unusual success stories is that of True Love Waits, a program begun by a Baptist youth pastor in Tennessee. It offers adolescents a chance to sign "pledge cards" vowing virginity until marriage. What sounds to hip and aging baby boomers like boring prudery was seized by teenagers with an eagerness their parents had reserved for hula hoops. In one year, 500,000 cards were signed, and the program has spread across 26 denominations, Catholic and Protestant. Last July, 20,000 kids staked 200,000 of the cards on the Washington Mall, and spent the day dancing and picnicking. President Clinton came by for a few minutes to join them.

Rising Moral Concerns

A rise in youthful morality about sex outside marriage is paralleled by moral concerns about abortion. A recent CBS/*New York Times* poll found that, while 46 percent of respondents said that abortion is murder, the age group most likely to voice that opinion was 18 to 29. In 1990, a series of focus groups was conducted by researchers for the Center for Population Options, exploring teens' attitudes toward abortion. To the authors' evident dismay, "In response to the question, 'What first comes into your head when you hear the word "abortion"?' participants—regardless of race, sex, or residence—most often responded with 'murder,' 'killing a baby' or 'death.'...In general, the female participants were especially judgmental of other women's motives—in some cases not even sanctioning abortion in the case of rape. Comments focused on the 'innocence' of the baby, regardless of the circumstances."

The growing concern about the "innocence" of the baby has not yet led to a change in attitudes about the legality of abortion. For example, a periodic NBC/*Wall Street Journal* poll asks, "Do you think abortion should be illegal, or not?" In eight surveys between 1989 and 1993, those responding "illegal" wavered from 33 percent to 26 percent and back up to 35 percent, a wobbly but fairly consistent response. Nor does a conviction that abortion is wrong necessarily insure that the respondent would refuse to have one. While researching for my book, *Real Choices*, I interviewed women across the country who had had abortions, and found several who had been pro-life, committed Christians at the time. They fully believed that in choosing abortion they were killing their babies. A common coping mechanism was, "God, I'll send this baby back to you now, and when I'm ready you send it back to me." Anti-abortion opinions did not prevent them from having abortions when their situations felt overwhelmingly difficult.

The goal of my research project was to discover why women had abortions, in hopes that we could reduce the numbers by solving pregnancy problems. Like the Guttmacher Institute and other researchers' studies, I found that women usually have several interconnecting reasons for their abortions, involving job, school, finances, present concerns, and fears for the future. However, when I asked women to recount the story of their abortion decision, one factor emerged as determinative nearly every time: problems in personal relationships. Almost 90 percent of the women surveyed said the main reason for the abortion was to please or protect some other person, usually a partner or parents. When asked, "What would you have needed to continue the pregnancy?" the answer was consistent and emphatic: "Just one person. If I'd had only one person to stand by me, I would have had my baby."

Compassion and Persuasion

The pregnancy-care wing of the pro-life movement has been trying to provide that personal support and friendship for 30 years, with increasing professionalism and success. This care usually shows up in the form of pregnancy-care centers, humble storefront operations scattered across the land, where material and emotional support is given to women free. These centers are usually run on a shoestring—many have no paid staff—and they can only give what others donate, from maternity clothes and diapers to housing, job training, medical care, and advice on adoption and parenting.

In these pages a few years ago ("Victorian Secret," Spring 1992), Marvin Olasky suggested that aid to pregnant women was more effective than legal prohibitions in reducing abortion rates in the 19th century. Are advances in the provision of pregnancy support an element in the reduced number of abortions? "There just isn't enough information there to say, one way or the other," Olasky says. "But certainly the pregnancy-care movement has been tremendously effective in keeping the numbers as low as they are. Without pro-lifers offering support and shelter to pregnant women over the years, the abortion toll would have been far higher."

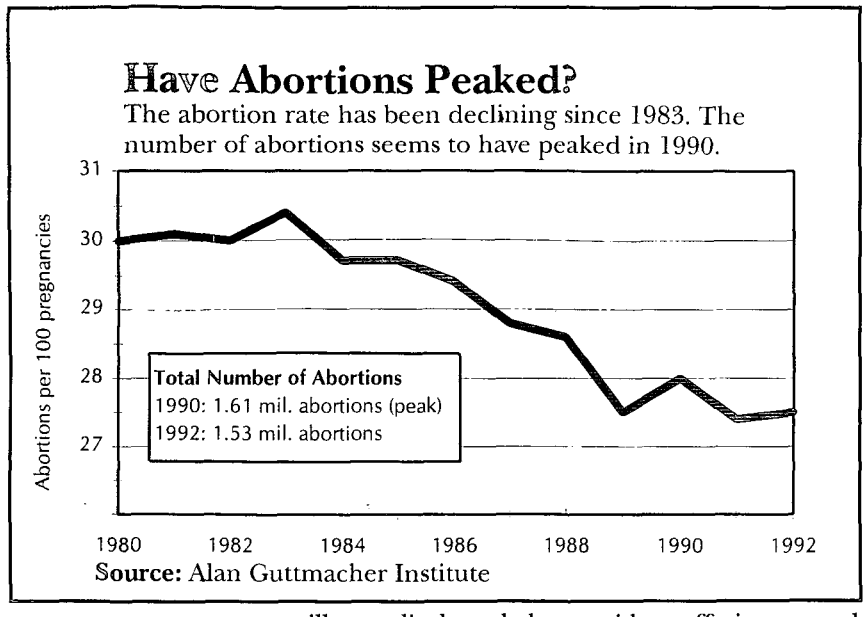
Some pregnancy-care centers are independent operations, while others affiliate with national chains. The two

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

largest chains are Birthright and Care Net, which together represent about 1,000 centers. In these chains and elsewhere, the last few years have seen a shift toward a philosophy sometimes summarized in the slogan, "Love them both." Pam Stearns, director of the Hope Unlimited Pregnancy Care Center in Paducah, Kentucky, says, "Before, we had pictures of aborted fetuses right in the lobby—we had an aggressive agenda of saving the baby. Now the focus has been enlarged, and our mission is to serve the client. Everything is done to make her feel comfortable, not used and manipulated." Today, a visitor to the Paducah center will see landscapes and flowers in the lobby, and be greeted by a volunteer who listens carefully to her needs and fears.

A unexpected phenomenon that may be implicated in the drop in abortion rates is being observed at these pregnancy-care centers: an increased demand for grief counseling, for men as well as women. Several pregnancy center directors say that this is becoming their fastest-expanding area of service. Staff at a center in South Carolina report, for example, that while they usually start one grief group per month, in January they had to start three, plus their first men's group.

For many years, abortion mourning had no outlet; as one *Real Choices* interviewee, Bette, put it, pro-choice friends needed her to continue affirming her decision, and she feared revealing to pro-lifers that "I did what you despise." Now, as women find the freedom to tell their friends about their heartbreak, it may become a form of negative word-of-mouth advertising that could cause others to avoid abortion. In theory, both pro-life and pro-choice forces have an interest in helping women make the best resolution they can, but Bette goes on, "I was surprised at the way [pro-life] people accepted me. They were able to recognize and validate my pain. The pro-choice side can't do that—they have too much need to pretend that it isn't there."



Legislating for Life

State laws to encourage informed decisions about abortion have multiplied in recent years and seem to have achieved some results. Nineteen states require that clinics provide information on the development of the baby, as well as the risks of and alternatives to abortion; 11 require women to wait 24 hours for "reflection"; 24 states require a parent to be involved before a teen's abortion.

It should be noted that none of these laws actually places restrictions on abortion. No one is prevented from having the procedure. The Supreme Court's stipulation in the *Casey* decision of 1992 was that such laws were valid only if abortion was still permitted in all situations, with no "undue burden" placed on the freedom to abort. If women are declining abortion because more information and time to think have increased their awareness of alternatives, that is an expansion of choice, not a restriction. No one's business has been inhibited. Big-city yellow pages still run display ads by providers offering to end pregnancies up through the 24th week, with specialists available around the country to perform them later on request.

In 1991, the *American Journal of Public Health* published an article examining the effect of a parental-notification law in Minnesota. During the four years the law was in effect, the abortion rate for minors fell dramatically—27 percent—while the birth rate continued to fall in accord with a long-term trend. Overall, teen pregnancy was down 21 percent. The hopeful conclusion is that the law did not merely stop abortions, but caused teens to be more careful about preventing pregnancy. According to the report, "Positive claims about these laws are that they promote responsibility (by encouraging teenagers to 'think before they act'), foster parent-child communication, facilitate mature decision making, and may reveal medical history information that would otherwise remain unknown to the physician."

Market Realities

Another explanation for the decline in abortions is that fewer doctors will perform the procedure. Between 1985 and 1988, there were an average of 33 fewer abortion providers every year; by the 1988 to 1992 period, the yearly loss had accelerated to 51. Part of this loss is due to the "graying of abortion providers," as the average age of a provider slips above the average age of physicians, and retirement claims an increasing proportion. Some doctors leave the field because of harassment or fear of violence; the increased cost of security is one reason the average price of an abortion rose from $250 in 1988 to $300 in 1992.

Why aren't younger doctors entering the field?

To an idealistic young doctor, abortion has little appeal—it's fundamentally a destructive operation, offering little professional challenge, and no ongoing doctor-patient relationship. In addition, other doctors hold abortion providers in low esteem. Warren Hern, an abortion specialist in Boulder, Colorado, complains that his fellow

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

providers "are treated as a pariah by the medical community. At best, we are tolerated." In 1993, the controversial Project Choice survey (staged by pro-life activists under a sympathetic-sounding name) polled almost a thousand abortion providers; 69 percent said their profession was "not respected in the medical community" and 78 percent said that they did not feel "pro-choice organizations and politicians are doing enough to support those who provide abortion care."

A better question is, in the face of these discouragements, why did older doctors join the field? Thirty years ago, doctors were still seeing women come into emergency rooms injured by self-abortion or illegal abortion, and it was possible to see the provision of legal abortion as a noble, lifesaving act. Seventy-one percent of the Project Choice respondents had "personally [seen] a tragedy as a result of an illegal abortion," another subtle indication of their age. Younger doctors have not had that galvanizing experience. On the other hand, they have had experience with more recent medical advances: sonograms and fetoscopy, fetal surgery, and the rescuing of ever-younger preemies. All of these make indelibly visible what abortion—legal or illegal—destroys. Likewise, it was easier to feel positive about delivering abortions when only a few desperate cases were envisioned; the routine toll of 1.5 million a year sours everybody.

Abortion provision is a specialty that is not intrinsically rewarding, is held in low esteem by the public and medical colleagues alike, and exposes one to the risk of hatred or even violence from protesters. When an aspiring doctor thinks, "What do I want to be?" a great many other options will come to mind before this.

TO YOUNG DOCTORS, ABORTION HAS LITTLE APPEAL, AND OTHER DOCTORS HOLD PROVIDERS IN LOW ESTEEM.

The dwindling ranks of abortion providers seem to be helping to bring down the abortion rates in some states. Nationally, there are about four providers per 100,000 women of reproductive age. In Hawaii, where the relative number of providers is 19.6, the abortion rate is the second highest in the country. In states such as Kentucky and Missouri, with fewer than 1.5 providers, the abortion rate hovers between one fourth and one half the national average.

If there are fewer abortion providers available, would women, in large numbers, resort to self-inflicted abortions? Or would they simply cross state lines to have abortions elsewhere? The answers are no and perhaps. Though the number of providers has already dropped, there is simply no evidence that illegal abortion has returned. It may be that illegal abortion has been so thoroughly discredited that no woman wants to risk it.

Some travel would undoubtedly occur: In 1987, more Wyoming women had abortions out-of-state than in-state. (In Cheyenne, the state's largest city, no abortions were performed in 1992.) On the other hand, abortion rates tend to be higher for poor non-white or Hispanic women, who are less likely to have the resources to travel. Then again, they are more likely to live in metropolitan areas where providers already cluster (94 percent of non-metropolitan areas now have no provider). Making state-by-state predictions is maddeningly uncertain, however. Between 1988 and 1992, North Dakota went from three providers to one, and the abortion rate dropped 28 percent. South Dakota remained steady with only one provider, and the rate rose 19 percent.

The Age Factor

A final consideration of the drop in abortions involves age: As the baby boomers get older, the cohort of women of reproductive age (15 to 44) is weighted more heavily toward the end, where fewer pregnancies occur. Since two thirds of all abortions are performed on women under 25, the abortion rate should drop when the size of that group shrinks. The decline in the ranks of females age 15 to 22 from 1988 to 1992 could account for one-sixth of the decline in abortions over this period.

Among the uncertainties regarding the abortion decline, one unhappy certainty looms: A great many more women are choosing single parenting. In 1981, births to unwed mothers occurred at the rate of 30 per 1,000 women of childbearing age, rising to 39 by 1988 and 45 by 1991. Pregnancy-care centers report that most of their unwed clients who choose birth opt for single parenting, while only a tiny number choose adoption. Amid a growing social consensus that unwed parenting damages both mother and child, these statistics are discouraging. Pro-choice advocates may think that abortion would have been a better choice; pro-lifers would rather see these children born than aborted, but would prefer their moms either marry or place the child for adoption. Both sides agree that prevention is better than cure.

The drop in abortion numbers in 1992 is a tantalizingly cryptic event. Analyzing it is like trying to follow the action of a play with the curtain risen only far enough to show the actors' ankles. No one on any side in this debate, much less the confused folks in the middle, can predict what will happen next. But a scrap of information like this does tantalize, because the abortion issue reverberates with meanings beyond itself. Abortion asks us big questions about "Life, the Universe, and Everything." It asks ultimate questions like, "Who belongs in our human family?" "Who may kill?" and "When does life begin?"

For the last question, at least, there is an answer. It is 23. Life begins at 23 pairs of chromosomes—or, for those with Down's syndrome, 23 pairs plus one. Unless that number were somehow repealed, it matters little whether the other numbers are a million-point-five or a million-point-six. It's still more than 4,000 every day, more than 31 million since *Roe v. Wade*; it's still a number that prods our weary consciences, a little more sternly every day.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

OSHA'S TRIVIAL PURSUIT

In Workplace Safety, Business Outperforms the Regulators

JOHN HOOD

It was a horrible tragedy, as much for the mental images it generated as for the death toll. On September 3, 1991, at around 8 a.m., a fire broke out at a chicken plant in Hamlet, North Carolina. As the grease fire started on a chicken fryer and spread quickly inside the Imperial Foods Products building, workers tried desperately to escape the smoke and flames, clawing at locked exit doors in panic. Twenty-five Imperial employees didn't make it. Fifty-six more were injured in the blaze. The event made national headlines and attracted everyone from network news reporters to Jesse Jackson, who visited in an attempt to link the chicken-plant tragedy to the national civil-rights movement. "I see the same faces here that I saw in Memphis, Tennessee, with Dr. [Martin Luther] King," he said. "Just basic, humble people who want to work and get a fair day's wages for a fair day's work."

Furious voices denounced state and federal safety inspectors, as well as the state's business community. During 1992 and 1993, the Hamlet fire became the *cause célèbre* of politicians and activists seeking tougher workplace-safety laws in Congress, including a greatly expanded Occupational Safety and Health Administration and new mandates on businesses. As Hamlet became a national symbol for corporate irresponsibility in workplace safety, one small but significant detail escaped the notice of many in Congress and the media. Those exit doors that sealed the deathtrap had been ordered closed and locked by the federal government.

The problem with the Imperial plant, a U.S. Department of Agriculture poultry inspector had said the previous June, was flies. "Both doors at the [trash] compactor was [sic] open when I arrived at 8:45 p.m.," the inspector wrote in a deficiency report. "Several flies [were] observed in all areas of the plant." Imperial's response, also written into the deficiency report, was to promise that the outside doors "will be kept locked." The inspector verified that corrective action had taken place.

Imperial Foods was hardly blameless in the tragedy—various safety problems existed at the time of the fire—but heavy-handed government regulation was also partly responsible. The chicken plant was one of the few employers in a poor, rural community. It ran on a very thin margin, using an old building and struggling every week to keep production going. Installing state-of-the-art alarm doors at the side and rear of the plant was an expensive proposition. When forced by federal edict to make a tradeoff between food quality and worker safety, plant managers chose the former, with disastrous results.

Fast forward to 1995. A new Republican majority in Congress, intent on balancing the federal budget, has targeted the Occupational Safety and Health Administration for cuts. In an attempt to defend OSHA, the Clinton administration announced a plan in May to make compliance less onerous to business and to judge safety inspectors on the basis of safety records for companies they oversee, not on the number of citations they write. "This is the new face of OSHA," said Elaine Kamarck, senior policy advisor for Vice President Gore and director of his "reinventing government" initiative.

FEDERAL SAFETY REGULATIONS HAVE ACHIEVED VIRTUALLY NOTHING FOR AMERICAN WORKERS.

But a Congress committed not only to budget savings but also to sound policymaking should go far beyond redesigning OSHA's inspection program or, as some GOP lawmakers have suggested, simply cutting its budget in half. There is no need for the federal government to inspect American workplaces, issue regulations, and fine employers for violating federal safety rules, and the attempt to do so has accomplished virtually nothing for American workers except burden their employers with regulations.

A 1991 study by Wayne B. Gray of the National Bureau of Economic Research found that OSHA regulations have "significantly reduced productivity growth in the U.S.," even more than those from the Environmental Protection

JOHN HOOD, *a Bradley Fellow at The Heritage Foundation, is writing a book for The Free Press on social responsibility and American business.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Agency. Some OSHA standards have put a search for completely risk-free workplaces above common sense. Benzene standards, for example, have cost firms and consumers $23 million per life saved; arsenic standards, $24 million. Standards for asbestos, EDB, and formaldehyde have also cost many millions of dollars per life saved. These huge sums might better be spent publicly or privately on other measures that save lives at dramatically lower costs. Screening programs for cervical and colon cancer, for example, cost about $50,000 per life saved, while measures to increase highway safety—such as improving lighting, upgrading guard rails, installing median barriers, and improving bridges—cost between $100,000 and $200,000 per life saved.

OSHA has required employers to label machines and substances at the workplace with little regard for reason or significant risk. Dr. Michael Segal, of Harvard Medical School, reports that OSHA regulators have ordered suppliers of many of his laboratories' chemicals to label them as workplace hazards, including sodium chloride (table salt): "WARNING: CAUSES IRRITATION. Avoid contact with eyes, skin, or clothing. Avoid breathing dust. Wash thoroughly after handling." Similarly, another chemical's label provides a "Waste Disposal Method: Dissolve or mix the material with a combustible solvent and burn in a chemical incinerator equipped with an afterburner and scrubber. Observe all federal, state, and local environmental regulations." The hazardous material in question, Dr. Segal says, is candle wax.

This year, OSHA will spend about $300 million and send out some 2,000 inspectors across the country. As large as this effort is, its main task is even larger: to inspect 6 million workplaces with 93 million employees. On average, a company can expect to see an OSHA inspector once every 10 years. Even doubling or tripling the number of inspectors, in other words, wouldn't accomplish very much if the means of ensuring worker safety is to be workplace inspection. No doubt when OSHA was created in 1970, with the strong backing of labor unions, the impossibility of its task wasn't yet evident.

In a smaller, performance-oriented, "reengineered" federal government, OSHA would survive only as an advisory agency, or perhaps wouldn't survive at all. Its role in promoting worker safety has been and will always be dwarfed by private-sector incentives. Companies make bad decisions on occasion, of course, sometimes endangering the safety of their workers. But as the Hamlet case shows, so do regulators. The difference is that companies pay an economic price for their mistakes.

The Workplace Safety Record

The Hamlet fire, and a few other workplace disasters, are tragic and make good copy or news footage, but they tell us virtually nothing about worker safety in the United States. And the reality is that worker safety has been improving for decades. Companies have undertaken massive campaigns of training, coordination, technological investment, and management innovation to realize tremendous safety gains. Businesses have huge incentives to promote safety, such as lost productivity and workers' compensation or liability insurance costs, that swamp the prospect of regulatory violations. They have found that safe workers are happy workers, and happy workers are productive ones.

Northern Indiana Public Service Company's Dean H. Mitchell Generating Station is far more typical of corporate America's record on safety than Imperial Foods. Each year, all employees must attend two safety-education classes. In addition, the plant holds weekly "safety tailgate sessions" with all its workers to discuss specific safety topics. Accidents and "near-misses" prompt an intensive incident review, whose results are discussed at weekly safety sessions. Workers and managers alike think of safety not as a program but as a process. The plant's motto typifies everyone's commitment: "Safety, Pride, Teamwork." "We were able to make significant strides by having our employees buy into our cause," says J.N. Kocsis, personnel and safety supervisor at the Mitchell station. In just 10 years, from 1982 to 1992, the rate of accidents at the plant fell by 57 percent.

Nationally, the number of people injured annually, at work and home combined, fell by 15 percent from 1970 to 1990, with most of the decrease occurring during the 1980s. Accidental deaths show an even steeper decline; both the rate and the actual number of deaths have been falling for more than 60 years. The number of workplace accidental deaths fell from about 20,000 in the 1930s to less than 10,000 in 1993. Factoring in population growth, the National Safety Council reports that accidental-death rates at work fell from 15.8 to 3.5 per 100,000 people—a 78 percent drop. Measures of specific hazards also show a steady downward trend. In just the 10 years from 1983 to 1992, the number of firefighters and civilians killed by smoke and flames fell by 34 percent and 20 percent respectively.

THE SKYROCKETING COSTS OF WORKERS COMPENSATION ARE FORCING COMPANIES TO ADOPT THEIR OWN SAFETY PROGRAMS.

Accidental-death rates may well be a better overall guide of safety trends than reports of all injuries and illnesses. There is good reason to believe that the latter may understate safety gains because companies, workers, and individuals have become more likely to report accidents and injuries over time.

These safety gains can't be attributed to regulatory efforts on the part of federal, state, and local governments. Accidental deaths at work adjusted by population, declined at roughly the same rate before and after the passage of the 1970 Occupational Health and Safety Act.

One way to think about the relative efforts of government and business in the safety arena is this: On any given day in America, thousands of local, state, and national safety regulators are inspecting businesses, studying test data,

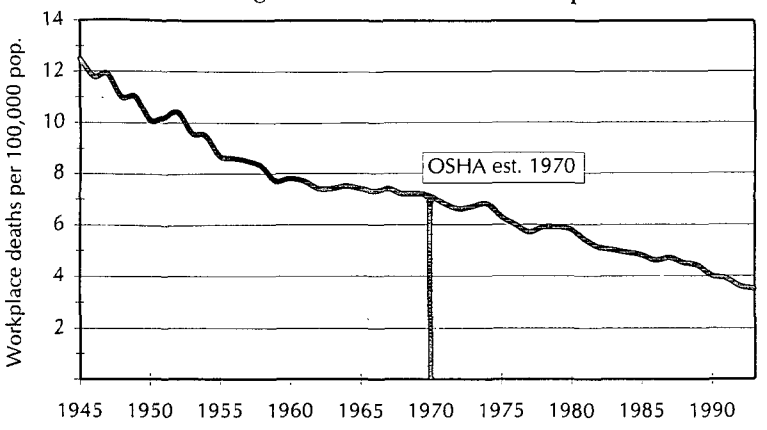
LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

issuing regulations, and adjudicating violations.

But on that same day, millions of American workers, managers, designers, and engineers are working to make their workplaces safer, to maximize sales and revenues, minimize losses, and maintain good, long-term relationships with productive employees. The magnitude of private-sector safety efforts, both in time and money spent, far exceeds that of even today's bloated regulatory bureaucracy.

Safety gains have occurred across the economy, from highway fatalities to child poisonings, but it is at the workplace, over which businesses have greater direct control, where safety gains have been the largest. While accidents still happen and some jobs remain more dangerous than others, there have been very few years in the past six decades in which workplace accidental deaths have risen rather than fallen. To understand why firms might spend a great deal of time and money improving worker safety, you must first get a clear picture of how costly it is to have a serious accident in a workplace.

Before and after. OSHA's founding in 1970 seems irrelevant to the long-term decline in U.S. workplace fatalities.



Source: National Safety Council

There are two main private-sector "regulators" of occupational safety. The first is the labor market itself. In the market for workers, perceptions of risk have a significant impact on the wages employees demand. If a profession or individual business is known to be unsafe, potential workers will want more salary or benefits to compensate for the higher risk. Even if workers don't know going in how dangerous a particular workplace is, their subsequent discovery can cost firms a bundle. For example, when a business loses a proficient worker in an accident, even for a relatively short time, that worker must be replaced with a new one, often needing training. The injured employees' coworkers also reappraise their own job risks, sometimes resulting in higher wage demands. The firm's hiring and training costs rise again if disaffected workers quit. The resulting turmoil can wreak havoc on production, costing the firm sales.

The safety risks posed by businesses differ dramatically, but studies have estimated that the labor market adds an average risk premium of about $1,000 to each worker's salary—meaning that, on average, workers demand $1,000 more in salary than they otherwise would to compensate them for the workplace risks they perceive. Finding ways to reduce that cost is clearly a desirable goal for any business, large or small—and keep in mind that this $1,000 is only the mean. Some firms face very high risk premiums and save a lot of money from even modest safety improvements. Occupations such as logging, meat-packing, mining, and construction continue to pose a higher-than-average risk of injury. For these occupations, says Duke University economist Kip Viscusi, "the marketplace generates enormous wage premiums for risk on the order of $80 billion a year in terms of higher wages...that's where firms get their financial incentive for safety."

In the search for safety gains, employers have a strong ally: the insurance industry. By law, most employers must have workers' compensation insurance for their employees, but can purchase their coverage from the private insurer of their choice. The workers' comp system is at least partially "experience rated"; that is, the premiums bear some relationship to a business's rate of accidents. Firms that find ways to cut their accident rates pay lower insurance premiums. Insurers who help their subscribers cut accident rates and costs are more likely to keep their customers in the future. So both business managers and insurance underwriters have huge financial incentives to improve workplace safety (although unwise state regulation still keeps the system less efficient and safety-promoting than it could be). "If you're a good company with a good safety record, insurance companies are knocking on your door for your business," says Steve Reynolds, safety supervisor at Crowder Construction Company in Charlotte, North Carolina. Many workers' comp insurers employ armies of consultants, engineers, and designers to help their subscribers reduce accident rates and cut the costs of claims.

The cost of mandated workers' compensation coverage on American business skyrocketed during the latter half of the 1980s, not so much because of an actual increase in danger at the workplace, but because of federal court decisions liberalizing eligibility requirements. Workers found it easier to file claims, while state governments made mandatory benefit levels more generous. The result was a surge in workers' claims, pushing the total bill for workers' compensation insurance to $70 billion a year. While this development had many negative consequences for economic growth, particularly for states with higher benefit levels, it also meant that the insurance market became more competitive than ever, as American companies sought ways to cut down of one of their most explosive labor costs.

Compared with the risk premium imposed on firms by the labor market and workers' comp premiums imposed by insurers, the prospect of being fined by OSHA is almost

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

laughably tiny in dollar value. Average OSHA fines per U.S. worker were about 50 cents in the early 1990s—up from 35 cents in 1983 but below the peak of 65 cents in 1978, according to Duke's Viscusi. Considering that the likelihood of being inspected, much less found in violation, is low in a given year, these fines obviously play little to no role in business decisions about safety. Increasing OSHA inspection or increasing fines aren't likely to change that underlying economic calculation very much.

Gains Through Innovation

Innovative and responsible companies and insurers have spent years learning how to reduce safety-related costs by reengineering workplaces, training employees, and using new technologies. Even small changes can reap big rewards. Take Rosendin Electric, Inc., a San Jose, California-based electrical contractor. Linda Johnson, Rosendin's benefits administrator, says that when she first came to the company in 1991, it wasn't tracking workers' compensation costs in an efficient manner. Rates of accident frequency and severity were soaring to worrisome levels.

Teaming up with the firm's safety director and risk manager, Johnson employed a new computer software package to track the type and total number of injuries, as well as dollars being spent in premiums. She found that approximately 50 percent of total claim costs were for back- and eye-related injuries. Back injuries alone were costing the company an average of $15,000 to $20,000 for each instance. "Many of the injuries could have been prevented if they'd been tracked effectively," Johnson says.

Supplied with up-to-date reports on how and where accidents were happening, Rosendin managers were able to find their biggest risks and address them. The company started a program to train workers about the importance of back-support belts (providing them to the workers for free) and how to work with the least amount of stress on the back. Rosendin managers also found that a major cause of eye injuries was that workers weren't wearing their safety glasses when they needed to. Much of the company's work was done on high ladders, but safety glasses were needed only some of the time. Workers ended up leaving the glasses at the bottom of the ladder rather than balance them precariously at the top, but then didn't bother to climb all the way down to retrieve the glasses when their use was warranted. "Employees needed something to keep their glasses around their necks when they weren't wearing them," Johnson explains. A simple solution followed: Each pair of glasses was equipped with a cord to go around a worker's neck. That one seemingly minor action reduced eye injuries by 20 percent. Between October 1992 and October 1993, Rosendin workers' comp claims decreased in frequency by 35 percent. The severity rate fell by 10 percent, and the company saved 27 percent in claims.

Subaru-Isuzu Automotive found another simple way to achieve safety gains at its Lafayette, Indiana, plant. Twice a day for five minutes, all employees are encouraged to participate in group exercise workouts. Twisting to workout standards like the theme from *Rocky*, employees stretch their arms, legs, necks, and backs before beginning work assembling cars, moving materials, or even typing on computers. New employees also learn about exercise and physical exertion during their two-week orientations. Of 80 hours of orientation, 45 hours are devoted to physical training. Employees participate in various exercises depending upon their upcoming responsibilities in the plant. In-house physical therapists coordinate these programs, and more than pay for themselves in reduced workers' compensation costs, say Subaru-Isuzu officials. "Our goal is to prevent injuries," says Mark Siwiec, manager of safety and environmental compliance. "If injuries do occur, however, they should be less severe."

ACCIDENTAL DEATHS IN THE WORKPLACE DECLINED AT THE SAME RATE BEFORE AND AFTER PASSAGE OF OSHA.

Other companies have found similar results from modest changes in operation or training. When too many AT&T workers were getting injured working on telephone poles, the company started a "pole-climbing school" to teach the three-point contact method—meaning that workers should keep three limbs touching the pole at all times. Once AT&T workers mastered the method, accident rates fell. Similarly, Coca-Cola Bottling Group cut accident rates among its truck operators by instituting warm-up exercises, improving interior lighting in company trailers, adding more trailer hand grips, and lowering the trailers two inches to make it easier for workers to pull out the cases of drinks.

LSG/Sky Chefs, an in-flight caterer based in Arlington, Texas, has realized significant safety gains by experimenting with financial incentives. In the late 1980s, the firm was logging 1,000 injuries a year and losing more than 18,000 workdays—this at a company with 8,000 employees. Sky Chefs kitchen workers were constantly straining their backs lifting heavy objects, an injury that costs $25,000 in workers' comp claims on average.

New president Michael Kay introduced a safety program in 1991 to address the problem. Employees were taught how to lift objects without back strain. Kitchen workers got a weekly five-minute "safety short" taught by one of their coworkers. And the firm began offering financial rewards to workers with good safety habits. Supervisors passed out $20 Sears gift certificates to employees who lifted or cut in an exemplary way or who took the initiative to clean up a spill. Supervisors, in turn, saw their own compensation change to make safety a priority. A quarter of their bonus was tied to their unit's safety record. These and other changes helped reduce lost workdays at Sky Chefs to 8,500 in 1993 and about 5,000 in 1994. Focusing on rewards rather than punishments was

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the key to the new program's success, says Kay. "Our old approach was called the Stop program. It was designed to catch employees doing something wrong. This one's had a remarkably better effect."

Insurers Play Role

Some of the most sizable gains in workplace safety have take place in recent years under the tutelage of insurance companies. Insurance broker Johnson & Higgins, for example, helped one of its clients, a book publisher, set up a worker safety program that included routine monitoring, goal setting, active involvement by management, strategic planning, and bonuses tied to safety performance. The publisher had seen its accident rate rise and its workers' comp costs shoot up by 41 percent from 1987 to 1990. After Johnson & Higgins helped the company install its new safety program, workers' comp claims dropped by 35 percent and dollar losses by 63 percent the first year. Georgia-Pacific Corp., the forest-products company, worked with insurers in Georgia to reduce accidents by 31 percent in 1991 and 1992, with Georgia-Pacific's sawmills experiencing only one half of the industry's average number of incidents.

Hartford Steam Boiler Inspection & Insurance Company in Connecticut has made a $562 million business out of reducing workplace accidents. The firm is now the leading provider of boiler and machinery insurance in the United States. "Our interests and our customers' interests are aligned," says Wilson Wilde, president of Hartford Steam Boiler. "Both of us are going to be hurt financially if an accident occurs, so we can justify investing time and money in loss prevention." Most of the company's 4,000 employees are scientists, engineers, and technicians, who work with electric utilities, chemical plants, and paper manufacturers. They have developed an array of devices, processes, and designs to enhance safety, including a device introduced in 1990 to examine hard-to-reach boiler tubes for corrosion. The company has worked with utilities to detect problems with steam-turbine rotors to head off high replacement costs. It used new sensor technology to diagnose a turbine's vibrations and signal when to weld cracks shut. Fixing rather than replacing rotors saved millions for the insurer's utility subscribers while reducing the danger of faulty rotors coming apart in generators.

Reengineering workplaces using principles of ergonomics has become a common strategy for businesses and insurers to reduce worker injuries, particularly cumulative trauma disorders (CTDs) such as wrist strain, elbow strain, or the more serious carpal tunnel syndrome. CTDs are a fast-growing category of both occupational illnesses and workers' comp claims, but the severity of the injuries has been exaggerated significantly by the media. (Carpal tunnel syndrome is the seriously debilitating illness so often mentioned, but it accounts for only 1.4 percent of all work injury or illness cases, according to the Bureau of Labor Statistics.) Nevertheless, muscle strains caused by repetitive motions or poor posture do cause discomfort and pain, limit mobility, and reduce worker productivity. To address the problem, companies consult ergonomics experts and buy redesigned office furniture and machinery from manufacturers such as Michigan's Haworth Inc., which makes motorized tables that adjust height during the course of a working day, and Nova Office Furniture of Effingham, Illinois, which sells desks with computer monitors built into them so workers peer down at them like newspapers rather than up at them like televisions.

OshKosh B'Gosh, a Wisconsin-based manufacturer of children's clothing, used several strategies to reduce CTDs at its main plant in Oshkosh. The company's employees were performing numerous tasks involving small, awkward motions that require force. Inspectors checked the snap crotch of each pair of pants, pinching 600 snaps per hour. Machine operators developed back trauma from twisting and turning heavy garments, and sustained shoulder and hand problems from bending over to reach different-sized clothing.

The company's safety team decided to purchase 7,000 padded, adjustable chairs at $100 each and redesign many of its own machines. Company engineers devised an air-driven, automatic "crotch-snapper." Mechanical "feed dogs" were installed to dig their metal "teeth" into fabric and pull it through sewing machines. Plant workers were encouraged to report minor pain or discomfort so company engineers could address the problems. They were also rotated through several different jobs within plants, to reduce constant stress on one part of the body. After an

Employees at a Subaru-Isuzu plant improve their safety through physical training.

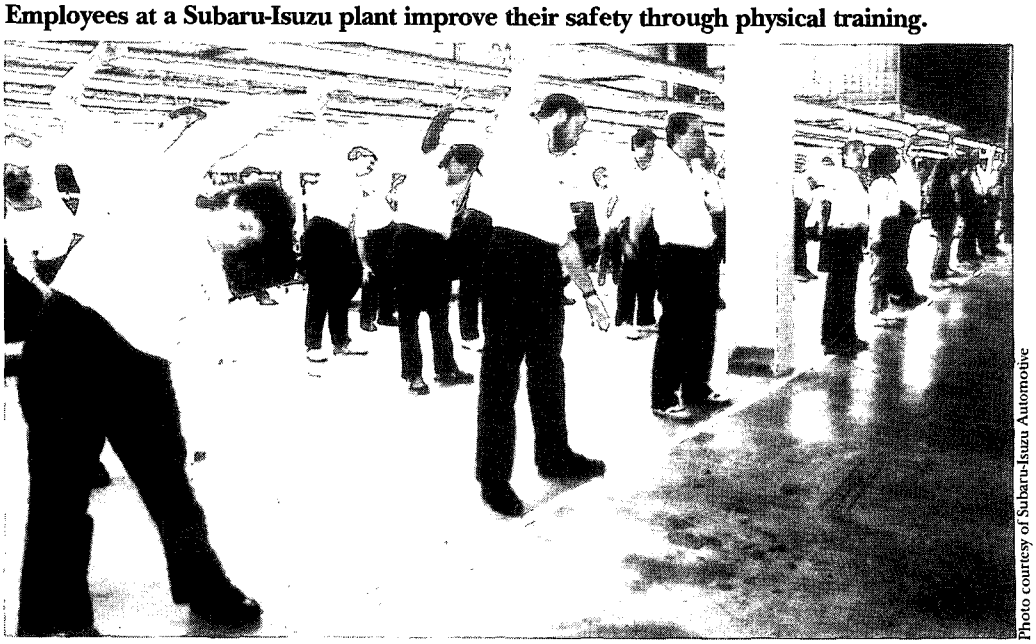


Photo courtesy of Subaru-Isuzu Automotive

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

initial surge in reported injuries—workers were being told, after all, to report even minor problems more often—workers' comp claims fell as did the severity of reported injuries. From 1992 to 1993, workers' comp costs at OshKosh B'Gosh fell by a third, more than paying for the company's safety innovations.

In the search for workplace safety, even industries considered to be "dangerous" have made great strides. Consider the mining industry, which has posted the most dramatic decline in injury rates during the past 20 years. In 1976, mining had the third-highest rate of total injury cases and the highest rate of any industry for injuries with lost workdays. By 1992, its rate of all injuries and of injuries involving lost workdays had dropped below the rates not only for all the other goods-producing industries but also for parts of the service sector. The efforts of enterprises like Kerr McGee Coal Corp.'s Jacob's Ranch Mine in Gillette, Wyoming, have contributed to this impressive record. The mine's incentive program for zero accidents is a quarterly award of $100 in gift certificates from local merchants. For every accident, each of the mine's 400 workers loses $10 from their awards. "Everyone gets penalized so there's a real incentive to wear safety glasses and do the right things," says safety supervisor Lenny Altenburg. The company spends $205,000 a year on the gift certificates, but the investment is paying off: The firm had no lost-time accidents at all from 1991 to 1994. Other mining firms have introduced new technologies, begun safety training programs, and used similar financial-incentive systems to minimize accidents. Compare the mining industry's typical death toll today (97 in 1992, for example) to the 3,500 annual deaths typical in the first part of the century, and you have some idea of the progress that's been made.

Rail safety is another area where the incentives of the private-sector marketplace dwarf those of the public sector. The E.H. Harriman Memorial Awards, given for railroad safety since 1913, helped to illustrate this point in 1994, as privately owned railroads took prizes and publicly owned or publicly subsidized railroads posted mediocre or poor safety records. Among the largest railroads in the country, Norfolk Southern took first place while Amtrak, the federally subsidized national passenger rail system, came in last. Similarly, among nine medium-sized railroads, the three publicly owned lines ranked 5th, 7th, and 9th. Guilford Transportation Industries Inc., which operates lines in New England, won its category (small railroads) despite allegations of safety problems over the past few years by labor unions and federal regulators (whose ranks are dominated by union veterans). Colin Pease, executive vice president at Guilford, explains that while many publicly owned or subsidized railroads rely on "feel-good programs" to promote safety, private lines must operate safely or go out of business. Insurance costs, replacement costs, and disruption of freight deliveries all skyrocket when lines are unsafe. "There is a major economic impact to whether your workers perform their jobs the right way or not," he says. "But the motive breaks down in the public sector." Pease believes that when workers are working safely, they're working productively—and naturally, in a competitive enterprise like transportation, productivity gains are the only way to stay ahead of competing rail or trucking firms. Guilford supervisors provide daily safety instruction and perform "test and observation" procedures 24 hours a day, seven days a week.

DRIVEN BY MARKET PRESSURES, AMERICAN BUSINESSES HAVE TOILED ENDLESSLY TO MAKE WORKPLACES SAFER.

The efforts of these and many other American companies to reduce accidents and injuries are ongoing and massive. But conscious decisions by corporate managers and workers to address safety aren't the only cause of safety gains. Larger trends in the economy, reflecting innovation and productivity gains linked to goals other than safety, have also contributed to lower rates of accidental deaths and safer workplaces. For example, it now takes fewer employees to manufacture goods in America—and that means fewer chances for injuries and accidental deaths. Also, the quality of medical care provided both at the workplace itself and in hospitals and urgent-care centers has steadily improved, reducing the severity of injuries and the risk of death from accidents. Furthermore, a great deal of recent job growth has occurred among the smallest businesses in the country, which also have tended to post the best safety records (large businesses post the second-best safety records, while medium-sized firms have traditionally reported the most accidents).

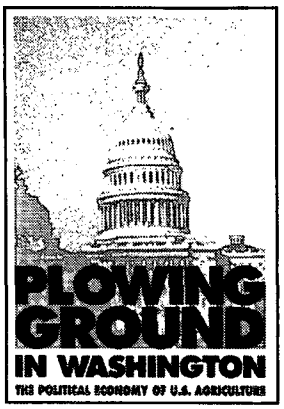
While interpreting safety data and identifying causes and effects of particular trends can sometimes be challenging, the overall message about corporate responsibility in this area shouldn't be obscured. Driven by the pressures of the market to lower costs, keep skilled workers, minimize legal and insurance costs, and avoid bad publicity, American businesses have toiled endlessly to make their workplaces safer.

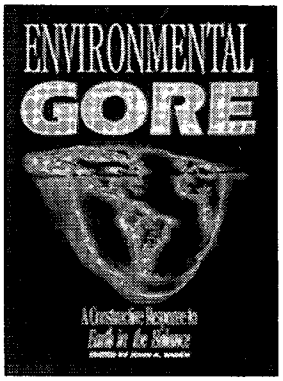
To a large extent, they've done so. In a real sense, the tremendous reduction in accidental deaths accomplished in the past 60 years represents an advance in the quality of life of workers and consumers no less significant than pay raises or price reductions. Horrible accidents such as the Hamlet chicken-plant fire are human tragedies, but in the context of corporate decisionmaking in a market economy they are also *economic* disasters. That's why responsible firms today are investing so much time and money trying to avoid them.

OSHA, whether upsized or downsized, reengineered or left alone, has little value to add to the worker safety picture. But its costs, measured in lower productivity and wages as well as higher prices and taxes, are significant. This is one more area where Congress needs to rethink the need for federal government involvement.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Two New Books!





Buy both books & save 20%

In 1995, the U.S. will spend 12 billion dollars in direct agricultural subsidies. ***Plowing Ground in Washington: The Political Economy of U.S. Agriculture***, by B. Delworth Gardner, explores the wasteful and perverse consequences of our current agricultural policy. **Price: $29.95**

Challenging Vice President Al Gore's assertions about the need for drastic changes in modern civilization, ***Environmental Gore: A Constructive Response to Earth in the Balance*** offers real world solutions in the ecology vs. economy debate. Led by John A. Baden, president of the Foundation of Research on Economics and the Environment, *Environmental Gore* combines original contributions from 14 authors including Dixie Lee Ray, Robert Balling and Lynn Scarlett. **Price: $21.95**

PACIFIC RESEARCH INSTITUTE FOR PUBLIC POLICY

***PACIFIC RESEARCH INSTITUTE** is working to free individuals from governmental constraints, to strengthen communities and to allow markets to solve our toughest policy dilemmas.*

Both books are available through better bookstores or through Pacific Research Institute by calling (800) 276-7600. ***Call for the Institute's latest catalog.***

❑ **PLOWING GROUND IN WASHINGTON**
$29.95 . . . . . Quantity:_____Cost Ea:_____Total:_____

❑ **ENVIRONMENTAL GORE**
$21.95 . . . . . Quantity:_____Cost Ea:_____Total:_____

❑ **SEND ME BOTH BOOKS**
$41.52 (save 20%) . . . . . Quantity:_____Cost Ea:_____Total:_____

California residents please add 8.5% sales tax. . . . . . _____

TOTAL:_____

❑ Check ❑ Visa ❑ MasterCard ❑ AMEX

Card Number_____Expires_____Signature_____

PACIFIC RESEARCH INSTITUTE
755 Sansome Street, #450, San Francisco, CA 94111-1703
Phone: (415) 989-0833 ◦ Fax: (415) 989-2411

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

SAFETY INC.

Private Cops Are There When You Need Them

TUCKER CARLSON

Every day, hundreds of travelers and visitors to New York City arrive at 42nd Street, across from Grand Central Station, after a disorienting bus trip from Kennedy or LaGuardia airports. Most of the passengers stepping out onto the sidewalk have a single goal: to find a taxicab. Meanwhile, beside each idling bus awaits another group, equally intent on their own mission: to steal from the disembarking travelers.

These are Grand Central's "bag hustlers," the muggers, swindlers, and con men drawn to the area by the steady stream of bus passengers, as well as by the half-million or so commuters who pass through Grand Central each day. To these men, a confused tourist is like a limping gazelle: slow, defenseless, and tasty.

Early one afternoon, a middle-aged visitor from Austria arrives at 42nd Street. Bags in hand, he scans the street for a cab. Before his eyes can even adjust to the light, he is approached by a bag hustler. The hustler, a stocky man in his late 30s, is confident, aggressive, and talks quickly. He offers to carry the man's bags and find a cab. His $20 fee, he explains, will cover the cost of the ride to the man's hotel. The man assents, unaware that the hustler has no intention of paying for the cab with the $20. Instead, he plans to take the money—and perhaps the man's entire wallet—and run into the crowd.

As the two walk together to the curb, a third man appears, dressed in what looks like a policeman's uniform. "Excuse me," he says to the tourist, pointing to the hustler, "do you know this man?" The tourist, looking confused, shrugs. "Then why is he carrying your bags? He's a thief." Soon, other tourists are looking on, and the policeman repeats his charge to the crowd. "This man is a thief," he says in a loud voice, "stay away from him." The hustler drops the bags, and the cop escorts the now thoroughly confused but grateful tourist to a legitimate taxi stand down the block. In less than a minute, and with little fuss, the policeman has saved the tourist from one of New York's oldest scams.

Except the man in uniform is not a policeman. He is a private security guard, hired by local property owners, and possessing no legal powers beyond those of an ordinary citizen. He is a member of a security detail employed by an organization called the Grand Central Partnership. In less than 10 years, this man and several dozen of his colleagues have helped transform the area around the train station from a chaotic maze of threatening streets into one of the safest sections of Manhattan. They have done it without wholesale arrests—and without the use of public money.

Traditionally, security guards have been employed almost exclusively by businesses: either companies whose assets are so valuable that they require extra protection, such as banks and jewelry stores, or those whose size or physical structure renders police patrols ineffective against crime, like hospitals and railroads. But the role of private security is expanding. Increasingly, civilian guards are providing protection in places where only sworn police officers have walked beats: in public parks, central cities, and residential neighborhoods. And increasingly, the salaries of these guards are being paid not by businesses to protect goods, but by citizens hoping to protect their families and neighborhoods.

The history of private security may be nearly as old as crime itself. The earliest security guards may have been the temple priests in the ziggurat at Ur, enlisted by wary Sumerian moneychangers in the third millennium B.C. to protect their lucrative banking operations. In the United States, where businesses have always assumed a large degree of responsibility for protecting themselves, private security guards predate police departments by more than 200 years. Allan Pinkerton, a Scottish immigrant and barrelmaker-turned-detective, started the country's first guard-for-hire service in 1860. His first job: dispatching uniformed civilians to protect meat-packing plants in Chicago. Pinkerton's company, which by the 1990s had revenues of more than $600 million, now shares the market with about 57,000 other private security firms in the United States.

Private security is among the fastest-growing industries in the country. During the 1980s, security companies expanded at twice the rate of public law enforcement, and received 70 percent more funds. There are now two security guards employed in the United States for every federal, state, and local police officer. Civilian guards protect

TUCKER CARLSON *is a Bradley Fellow at The Heritage Foundation. This article is adapted from a chapter of his forthcoming book on community crime control.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

everything from nuclear-power plants to theme parks to government buildings, and their role in public life is growing larger.

Private security companies can never take the place of police officers, and most do not want to. Security guards lack the moral authority that only government can give law enforcement. They also are hobbled by law. Civilian guards have only limited powers of arrest. In most states, citizens may make arrests only when a crime is committed in their presence; suspicion that a crime has taken place is not enough. And in some states, citizens may only make arrests for felonies, and then must immediately turn the suspect over to a police officer. Even those guards who do see felonies in progress are advised to arrest with caution. Unlike police officers, civilians who accidentally take innocent suspects into custody are liable for false arrest.

Photo courtesy of the Grand Central Partnership

For these reasons, security guards cannot routinely respond to violent crime. They cannot interrogate suspects or solve murders or negotiate the release of hostages. But they can augment police efforts, helping to maintain order in places where police forces are absent or spread thinly. And they can encourage citizens to follow community standards in a way police officers often cannot.

Security guards can perform these tasks more cheaply than most police departments. Unlike police officers, guards spend nearly all of their time on the job. Since they seldom make arrests, they have little paperwork, and rarely have to testify in court. They are free to walk their beats, and—of great importance to employers—they accrue little overtime.

Perhaps most important, security guards are flexible. Because they are not required to respond to calls for emergency service, they can go wherever they are needed to deter crime—and stay there. A business owner who fears robberies cannot force a police officer to stand outside the door of his business. But hired security guards can do just that. Private security gives citizens more control over their own safety. Used intelligently, security guards can be as efficient as any police department at keeping public order.

Law and Disorder

By the mid-1980s, the streets of midtown Manhattan seemed to be sliding into chaos. Aggressive beggars clogged filthy sidewalks. Crimes of all kinds were on the rise. Local business owners became increasingly frustrated with the city's apparent inability to clean up the area. Some companies left Manhattan for good. A cluster of midtown property owners decided to stay, and to restore their neighborhood without the help of City Hall.

In 1985, a group of planners led by real-estate developer Peter Malkin formed a "business-improvement district," a primitive form of quasi-government charged with keeping streets safe and clean. The group carved out a 50-square-block area surrounding Grand Central Station and on the cusp of Times Square. They called it the Grand Central Partnership. The owners of the 220 commercial properties within the district got to vote on the plan, and a majority agreed to join. Soon after, the New York City Council approved the plan. Although the area was not physically vast—about 80 acres of streets—it was in the center of one of the densest commercial districts in the country. Once its boundaries were set, the Grand Central Partnership contained more than 6,000 businesses, comprising a total of some 51 million square feet of commercial space, about the same as in all of downtown Los Angeles.

To raise money for improvements, the property owners began taxing themselves, first at the rate of a little more than 11 cents per square foot of space, later at about 12.5 cents. For small businesses, the levy worked out to a couple of hundred dollars in extra taxes per year. For large properties, such as the PanAm building, the tax could add up to $300,000 annually. Collecting the revenue was easy. A state law passed in 1981 allowed the city of New York to gather the money along with municipal property taxes each year. The city then sent the money back to the partnership. The city threatened property owners who refused to pay with foreclosure.

By 1994, the Grand Central Partnership was raising $6.3 million a year in property taxes. Most of the money went to visible projects. The partnership hired more than 30 street sweepers and trash collectors to pick up after the thousands of litterers who walk through midtown each day. It purchased new garbage cans, street lights and flower boxes, and built new sidewalks and gleaming granite curbs.

To help foreign tourists find their way, the partnership hired multilingual guides and placed them outside of the train station. To make catching a cab easier, it built two taxi stands and stationed a guard in each to direct traffic. To make the neighborhood more inviting to pedestrians, the partnership spent $3 million to install 136 high-power halogen floodlights, which illuminate the Grand Central terminal at night. When more money was needed for capital improvements, the group issued $35 million in bonds,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the interest on which was paid for by the property tax.

Vacating the Vagrants

Completed in 1913, Grand Central Station was crumbling by the 1980s, and had become a magnet for every kind of social affliction. City police seemed unable or unwilling to restore order. In 1987, the *New York Times* described the area outside the train station as "chaotic and forbidding, often filthy and sometimes dangerous." Much of the chaos and filth, as well as much of the danger, could be traced to the nearly 500 vagrants living in the building.

Since it had no jurisdiction within the train station, the partnership could not make the vagrants leave the terminal. Instead, it decided to lure them away. For years, hundreds of homeless men and women had gathered on Vanderbilt Avenue outside Grand Central to receive food handed out by volunteers. Starting in 1989, the partnership opened a "drop-in center" for the homeless in an old Catholic boys' school a couple of blocks away. Soon, the center was serving meals to hundreds of the same people who had once queued up outside Grand Central.

Inside the old school, the homeless could sit down to eat. And unlike the street in front of the station, the drop-in center was safe, protected by a metal detector and security guards. As additional enticements, the center offered hot showers and job-training classes. Employees of the partnership began to help vagrants living in the train station find more permanent housing, relocating scores of them to shelter at YMCAs and even in city housing. Before long, Grand Central was nearly free of vagrants.

Photo courtesy of the Grand Central Partnership

On the beat: Grand Central guards send illegal vendors packing...

The Shock Troops

As the partnership's social-service arm enjoyed success with the area's homeless population, its security division worked to assemble a guard force. By the winter of 1988, the security force was ready. Using $1.4 million of its annual revenues, the partnership put 18 uniformed security guards on the street around Grand Central each day, working overlapping shifts from 6 a.m. to 11 p.m., seven days a week.

Gerard Panza is a retired detective who runs the day-to-day operations of the partnership's security force. From his office in a building next to the train station, he plots the movement of crime through the district. On one wall hangs a map of midtown, with colored push pins marking the locations of recent crimes. Though the map is riddled with holes, few pins remain, testament to the success of the partnership's strategy for fighting crime.

At times security guards have tackled serious, violent crime. Guards have disarmed a gunman and also foiled an armed robbery. But as Panza explains, the partnership's most important task is keeping the streets orderly. Security guards, he says, have set out to shove even the pettiest of criminals out of the partnership's domain. No public violation of law or exhibition of disorder is too small to merit the attention of security guards. As a result, Panza says, the incidence of crime of all kinds has fallen.

The New York City Police Department agrees. According to the department's statisticians, within two years after the guards arrived, reports of crime within the Grand Central Partnership had dropped by 20 percent. The decline was even more precipitous in the area immediately surrounding the rail terminal. On the western part of Vanderbilt Avenue outside Grand Central Station, a street long famous for muggers and drug dealers, reported crimes dropped 83 percent (from 2,140 in 1988 to 367 in 1990). After three years, reports of crime in the district had dropped 36 percent, an achievement the city's assistant chief of police called "phenomenal." By the spring of 1994, more than five years after security patrol started, reported crime in the Grand Central Partnership had decreased by nearly 53 percent.

A Few Good Men

The group's directors understood that the guards they hired would do much to shape the partnership's public image. It was a challenging task, because the public perception of private security has never been good. A 1971 Rand report described the "average security guard" as an "underscreened, undertrained, undersupervised, and underpaid" ne'er-do-well with "little education beyond the ninth grade." To this unflattering portrait, the Rand scholars might have added "uncontrollably aggressive" and "psychologically unstable." It is widely believed in the private-security industry that the mentally unbalanced are drawn to guard work. A number of recent, highly publicized incidents in which current and former security guards have committed crimes or gone unaccountably berserk have only seemed to confirm the stereotype.

In order to screen out maladjusted candidates, the Grand Central Partnership advertises the jobs in relatively upscale publications like the *New York Times* and takes referrals from the John Jay College of Criminal Justice in Manhattan. Although no federal laws regulate the hiring

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

practices of private security companies, most states require guards to be at least 18 years old, and to be reasonably upstanding, sober citizens with no recent felony charges. In addition to these requirements, the partnership hires only applicants with a high-school diploma, and gives preference to those with military service. Each recruit is required to take a psychological exam and a drug test. Once they meet these standards, rookie guards are trained for seven days, mostly in the specifics of New York law.

There are no explicit physical requirements for the job, but Richard P. Dillon, who runs the security operation for the partnership, says he likes to hire guards who are "as smart and as big and fast as we can get." In at least one category, it is clear he has succeeded. The partnership's guards—most of whom are men—tend to be physically imposing. Some are huge. The guards do not carry weapons, so physical size can be an important source of authority during an altercation.

Successful applicants are paid well by industry standards. Salaries start at $10 an hour, rising to about $13 with seniority and good service. Benefits include health and life insurance, and two weeks' paid vacation. Once on the force, discipline is strict. Absenteeism and lateness are not tolerated, nor is sloppy dress, smoking in public, or even minor violations of the organization's many rules. Guards must use good manners, including courtesy titles, in their dealings with the public. Their uniforms, which bear a distinct and intentional resemblance to those of the city's police department, are crisp and clean. Under them, guards wear bullet-proof vests.

many of whom aspire to be police officers, are apt to swagger and overstep their authority, supervisors remain cool. William O'Connor, a retired detective who keeps watch over seven guards, says he struggles every day to keep his men within their legal bounds. "They're loaded with enthusiasm, and they would want to do more than private citizens can do." But, as O'Connor reminds his guards repeatedly, they are nothing more than civilians in uniforms.

The distinction is vital. Nothing could destroy Grand Central Partnership's security force more quickly than a guard who assumes police powers and abuses citizens. It has happened before. In the late-1980s, members of the Nation of Islam began providing security to public-housing projects in several cities, including Washington, New York, and Los Angeles. With grants from the Department of Housing and Urban Development, the sect's security firm sent guards into projects to clear out drug dealers. For a time, the group restored a measure of order to the projects. In the process, however, the security guards intimidated not only the drug dealers but residents as well. In a number of housing complexes, police had to intervene to keep the guards under control. In one case, the group lost its contract with a housing project in Los Angeles after being charged with negligence.

Photo courtesy of the Grand Central Partnership

...and assist the public, like this waylaid bicycle messenger.

Tight Supervision

Though they have succeeded in forming a largely professional force, the partnership's directors are under no illusions about the quality of person drawn to guard work, or about what could happen if the guards were managed poorly. Direct and quick communication between guards and supervisors is crucial to ensuring that guards are effective and stay within the bounds of the law. Guards are linked to their supervisors at all times by radios routed through the partnership's dispatching center on 34th Street. As they walk their rounds, guards talk frequently with their overseers, checking in over the radio and seeking approval for any consequential decisions.

The partnership's supervisors are well-equipped to offer guidance. Each is a retired New York City police officer, with a minimum of 20 years on the force. The head of the group's security force, Richard Dillon, was a cop for 32 years before retiring in 1988 as assistant chief of the department. Most other supervisors retired as detectives or inspectors.

Veteran supervisors are the partnership's insurance policy against mishaps. In addition to their superior equipment—each carries a concealed pistol and a radio with a direct line to the police department—supervisors bring a solid knowledge of the penal code. While guards,

In order to avoid similar mistakes, the partnership drills its guards on the limitations on the use of force. Physical force may be used, the guards learn again and again, only as a final resort, in self-defense, or to protect the life of another person. The partnership's security handbook, which explains the limits of civilian authority, is referred to as "the Bible"; guards take refresher courses on it every Thursday afternoon. To further protect themselves from liability suits, guards are required to call their supervisors the moment a problem arises. If the guards make an arrest or become involved in an altercation with a citizen, supervisors routinely interview bystanders as potential witnesses. In the event of a lawsuit, the state-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ments they take may be used to protect the guard. So far, the precaution has not been necessary. The partnership's security force has been sued only once, by a bystander who was injured by a guard chasing a suspect.

The supervisors' broad experience allows them to fill another role as well, that of ambassadors to the city's police. A working partnership between the two groups is vital to the success of the security force, but relations did not come easily. Like most police officers, New York cops are naturally suspicious of security guards, or "square badges," as they are unaffectionately known. In the eyes of police, guards seem to occupy a confusing gray area between public official and private citizen that many cops find disconcerting.

To the surprise of no one, the partnership's guards received a chilly welcome from police when they first arrived in midtown. Due partly to the presence of retired cops in its ranks, however, the guards ultimately developed an amiable relationship with local cops. The two groups now share a substation across from the train terminal, and meet monthly to discuss crime trends.

A Cop's Best Friend

Over the years, police have adopted a laissez-faire view of minor lawbreakers around Grand Central, including baggage hustlers, aggressive panhandlers, and small-time marijuana salesmen. "The police are involved with other matters," explains Panza, who spent more than 30 years on the force. "They cannot concentrate on the quality-of-life crimes when they have major crimes. They must first reduce homicides, robberies, assaults."

For police officers, the priorities make good sense. When a cop makes an arrest for disorderly conduct, for instance, he is likely to spend the rest of his shift at the station house filling out forms.

In the meantime, his post out on the streets may remain unfilled, creating opportunities for additional, perhaps more serious crimes to be committed. "That's where we come in," says Panza. "We are the eyes and the ears of the police department. They appreciate our work because we try to solve some problems ourselves, without police intervention."

Guards often go to great lengths to avoid summoning police unnecessarily to the scene of a disturbance. When a knot of marijuana dealers proved especially hard to dislodge, for instance, security guards simply took photographs of the sellers and handed them over to police. Most of the dealers quickly found new retail locations. As in the vast majority of cases handled by the partnership's guards, police never became directly involved.

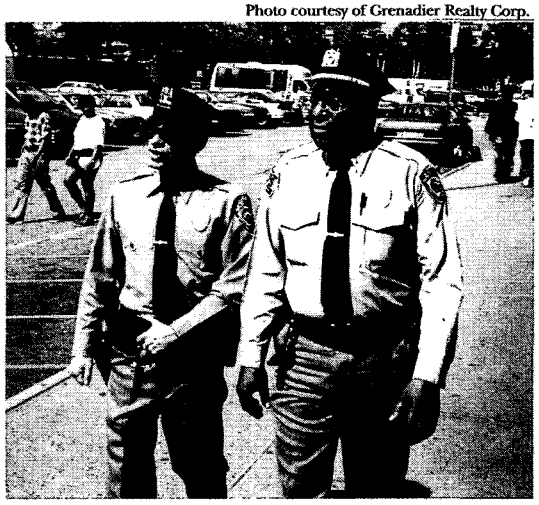
Of the 6,916 incidents to which the partnership's guards responded in 1994, only 624 required police assistance, and 122 resulted in arrests. That year, guards came across 31 people smoking marijuana in public. In each case, the guards told the smokers to move along, and in each case the smokers did. In cases of narcotics dealing, police were called just 6 percent of the time; in bag-hustling cases, 2 percent; in illegal panhandling cases, 1 percent; and disorderly conduct cases, 9 percent.

In January 1993, security guards told 141 unlicensed peddlers to leave the area. One hundred and thirty-five obeyed the guards without incident. Police were called to handle only six of those cases; only two peddlers were belligerent enough to get arrested.

Crimebusting in Murder Central

Commercial enterprises are not the only entities that rely on private security for protection. Starrett City, an apartment complex located in the East New York section of Brooklyn, is home to about 20,000 people. Sixty percent of them are white, 40 percent black; 90 percent receive government rent subsidies. The complex is located in the center of the city's 75th police precinct, which consistently records one of the highest murder rates in New York.

Photo courtesy of Grenadier Realty Corp.



Starrett City guards on the beat

Starrett City first employed private security guards in 1974, while the complex was being built. The Grenadier Realty company, which oversees the development, hired the guards to prevent nocturnal thieves from stealing building materials. After the complex was finished, the guards stayed on to protect the residents. By the late 1980s, Starrett City employed about 60 security staff, including nearly 40 armed guards on regular patrol and six in a canine squad.

Grenadier Realty pays the guards an average of $31,000 a year, a good salary for the profession, but only about 70 percent of a New York cop's salary. And the cops' authority exceeds that of most security guards. Each guard is a "special officer," certified by the city's police department, and licensed to carry a weapon. Though their salaries are paid entirely with private funds, the guards have nearly all the powers of regular police officers, including the authority to make arrests based on probable cause and to book suspects. They cannot, however, make arrests outside of Starrett City.

For the guards here, the work holds little glamour. Most guards spend their days patrolling the complex's apartment buildings, parking lots, shopping center, and

(continued next page)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Most of the time, guards convince violators to comply by explaining which laws they have broken, then politely asking them to leave the area. Most accede. Some do not.

Three-card monte dealers, in particular, have a reputation for ferocity, and only the largest security guards are sent to ask them to vacate the sidewalk. When they are challenged, however, it isn't physical strength most security guards are likely to rely upon, but the power to arrest.

Like all citizens, guards can make arrests when they see crimes committed, hold suspects until the police arrive, and act as complainants in the case against the arrestee. The difference between security guards and most civilians, however, is that guards will, when pushed, actually make an arrest. Most lawbreakers in the area know the guards aren't bluffing.

The threat of even a citizen's arrest is apt to get a wrongdoer's attention. As security chief Richard Dillon puts it, "Criminals, even in New York, where they know they're not going to stay in jail very long, still don't want to be arrested." And, according to Dillon, security guards will make a genuine effort to arrest some criminals. "Our guys chase them five or ten blocks."

When the victims of crime are tourists, security guards make an additional effort to see that the perpetrators are locked up. Visitors from out of town make appealing marks partly because criminals know that even if they are caught, their victims will most likely never return to testify against them in court. The charges will be dropped. To encourage tourists to testify, the partnership authorizes its guards to offer to pay victims' airfare back to New York for the court date. The guards believe this policy makes criminals more inclined to plea-bargain.

Deterring Petty Thieves

The partnership's guards look strikingly like New York City cops. The resemblance is deliberate. Says Panza, "We want people to think from a distance that it may be a police officer. That is a deterrent. By the time they ascertain that the guy is not a police officer, maybe the opportunity to commit the crime has disappeared." When they are not putting the hustle on bag hustlers, the guards spend their days doing what New York's police department no longer has much time to do: walking a beat and deterring thieves with their uniformed presence.

Coconuts, a music store next to the train station, has lost large amounts of merchandise to theft. Professional shoplifters carry double-walled "booster bags" lined with aluminum to neutralize the store's electronic security system, and they routinely load up with free compact discs and cassette tapes. Store employees, knowing police would be slow to respond, could do little. But the security guards, says Edwin Ortiz, the store's manager, have helped cut down on the thievery. "I call them and they come running and hold the shoplifter till the police come."

Joel Oks, owner of Portabella, a men's clothing store on Vanderbilt Avenue, also had a problem with shoplifters. Now, he says, the thieves have moved on to other areas, along with the drug dealers who used to stand outside his store. The criminals, he claims, have been frightened away by the security guards. "Wouldn't you be scared of this guy?" asks Oks, pointing to Jimmy Mena, a guard the size of a rhinoceros. "We don't have security problems any more. I give them all the credit."

Oks may give the guards credit, but he has no idea how much he gives them in taxes. Like every store owner I sur-

school, and keeping an eye on strangers. They receive more than 10,000 service calls each year, most for minor problems. Since Starrett's guard force does not have a crime lab or a homicide squad, city police must be summoned after serious crimes occur.

Such crimes seldom occur. According to James McNicholas, director of Starrett's security services, "When there is a robbery, it's still an event." A decade after it hired the guards, Starrett City crime rates in every major category were significantly lower than the national average. In New York City in 1985, there were about 84 felonies reported for every 1,000 residents. In Starrett City, there were just seven felonies reported per 1,000 residents. Compared to the surrounding area, Starrett City looked like an island of safety. By the mid-1980s, Starrett City was reporting an eighth of the rapes, a sixth the number of aggravated assaults, and a tenth of the car thefts reported in the 75th Precinct overall. The difference in burglaries was even more dramatic: In 1985, a house in the surrounding 75th Precinct was 38 times more likely to be broken into than one in Starrett City.

Twenty years after hiring security guards, Starrett City remained as safe as any affluent suburban neighborhood. In 1994, the community of 20,000 people reported only 24 car thefts, 12 burglaries, and six aggravated assaults. There were no reported rapes. That same year, the complex reported 67 robberies, as opposed to 2,548 reported in the neighborhood just outside its boundaries. A Starrett security supervisor describes the complex as "an oasis in a vast wilderness." There is no fence or physical barrier separating Starrett City from the rest of the 75th district—just the private guards.

Not only is Starrett City safer than the rest of Brooklyn, its residents *feel* safer. When surveyed by researchers from Pennsylvania State University, almost 89 percent of Starrett residents said they felt "somewhat" or "very" safe living at the complex, whereas only 40 percent felt similarly secure outside of its boundaries. For many people, the safety of the complex has made Starrett City a desirable place to live. The turnover rate among residents is about 2 percent a year, and there is a long waiting list.

Most residents attribute Starrett's safety to its guards. Nearly 90 percent of the residents surveyed believed the complex would not be safe without its private security guards; over half said they would leave the area if the guards left. Most of the residents of Starrett City—about 78 percent—said that, if assaulted, they would call the complex's guards for help before calling police.

Not that there are many police to call. Although Starrett City accounts for about 16 percent of population of the 75th district, it receives only part-time coverage from two city cops. The success of its security guards has made heavier coverage unnecessary.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

veyed, Oks did not know what he pays each year to the Grand Central Partnership. And like the rest of the owners, he does not seem to care. Whatever the amount, he says, the protection he receives is "well worth it."

Alan Maleh, owner of Goldrush Fine Jewelry at the corner of 42nd Street and Madison Avenue, agrees. "I haven't seen a uniformed policeman around here in years." The guards, by contrast, "are there all the time. If we give a call, they come running over." Before the security guards, he says, "there were no cops." Muggers "would snatch a purse right in front of the store and they would be laughing, not even running away, walking away. They can't do that now. So they go somewhere else." Without guards, he says, "it's like a jungle out there."

Store owners take comfort in the fact they can reach guards at any time on their portable radios and expect an immediate response. Toni Klein, who owns Cohen's Fashion Optical on 42nd Street, says she does not wait for a crime to occur before calling for help. The moment menacing-looking people enter her store, she requests a guard, who invariably arrives in moments. Like many citizens, Klein might feel foolish calling the police to deter crimes before they are committed. But the money she pays to the partnership—even though she is unsure of its amount—makes her feel entitled to preventive police protection.

Fresh Flowers in the Men's Room

Perhaps no location in midtown Manhattan has benefited more dramatically from the presence of security guards than Bryant Park, a nine-acre patch of grass behind the city's public-research library and adjacent to Times Square. Situated in the center of the city and ringed by office buildings, Bryant Park is a natural place for couples to stroll and office workers to eat lunch. For years, however, few dared enter the area. Until the late-1980s, the park was a dangerous and notorious place: Drug-dealing was rampant, people lived on park benches, and there were murders.

Bryant Park's fortunes began to change when two security guards were assigned to the area. The guards started enforcing some simple rules: no panhandling in the park, no drinking, no drugs, no sleeping on the benches, no feeding the pigeons, and no wading in the fountain. For those who didn't get the message, a sign was hung listing the prohibitions in bold letters. Within a short time, many of the park's seedier tenants left for more hospitable terrain. Soon, law-abiding citizens took the place of vagrants, and the atmosphere began to change.

Bryant Park now hosts concerts during the summer, and free movies on the lawn every Monday night. There is virtually no serious crime. "We're getting so many good folks here doing so many good things," says William O'Connor, who supervises guards in the park." You're an oddball when you're sitting out there being drunk or disorderly."

Nothing illustrates the revival of Bryant Park more powerfully, however, than the condition of its men's room. By their nature, bathrooms are among the most vulnerable of public spaces. In New York, they are often stark symbols of urban decay. Frequently scarred by graffiti, and filled with drug dealers, amorous homosexuals, and vagrants bathing in the sinks, public men's rooms are places most savvy New Yorkers avoid at all costs.

Bryant Park's men's room, however, is different. Its full-time attendant keeps the room tidy and stands guard. As a result of his vigilance, the men's room is as spotless as the lavatory in an upscale restaurant. Next to the sink is a bouquet of fresh flowers, fragrant evidence of the power of private security to enforce order in public spaces.

More communities are certain to follow the example of the Grand Central Partnership. They may have to. Just as rising medical costs have forced hospitals to give more responsibility to nurses, cities may find that sworn police officers—whom they must train, pay relatively well, and sustain on pensions—are too expensive for fighting and deterring certain types of low-level crimes. To maintain basic civic order, rent-a-cops may be a better deal.

Many communities already think so. In 1993, residents of Georgetown, an affluent and historic neighborhood on the western edge of Washington, D.C., hired a security guard from the Wells Fargo Company. Crimes, particularly thefts from cars, had been increasing in the area for years. About 100 neighbors chipped in approximately $160 a year—about 44 cents a day per household—to hire a uniformed guard to patrol their six-block area. From 6 p.m. to 2 a.m., five nights a week, the guard passes each house in the area at least once every hour.

After a year of employing the guard, residents found their streets transformed. Fresh graffiti stopped appearing on buildings. Burglaries within the six-block area decreased by 55 percent, robberies by 50 percent. The security guard also stopped at least two serious crimes. In one instance, he frightened off two men attempting to kidnap a local couple.

The decrease in crime was so dramatic that other parts of Georgetown soon began hiring guards. Within a year and a half, 90 percent of the neighborhood was covered by security guards.

In the mid-1980s, East Hills, New York, a village of 6,700 on Long Island, hired about 30 uniformed security guards to take the place of sworn police officers. The unarmed guards cruise the streets of East Hills 24 hours a day, reporting crimes to county police, and generally acting as guardians of order. Although the service costs residents an extra $360,000 a year in property taxes, it has remained popular. Local politicians credit the program with reducing the town's burglary rate.

Citizens concerned about disorder in their neighborhoods may find that security guards are the most cost-effective way to make their streets safer. "We don't do homicides, we don't do rapes," says O'Connor of the Grand Central Partnership. "But we do other quality-of-life things. Police are not going to come for an illegal peddler when they're up to their necks in gun runs. That's the reason we're here: We do the work the police have trouble getting to because they're so busy." If the results of these private security firms are any indication, this sort of policing can help restore community life—keeping everyone less busy worrying about crime and more busy building families and neighborhoods.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Bail, Humbug!

Why Criminals Would Rather Be in Philadelphia

Sarah B. Vandenbraak

Francis A. Biunno, a Philadelphia trial judge, had just sentenced a murderer to death. He then turned to the courtroom, called on those present to sit down, and asked the public to reflect on the breakdown of our democratic system that had led to the killing.

The murder in question was of a 21-year-old rookie police officer, Daniel Boyle, who stopped a stolen car in North Philadelphia. The driver of the stolen car, Edward Bracey, fired numerous shots through the windshield of the patrol car, hitting the young officer in the head. A police radio tape chillingly captured the fatal shots and the fallen officer's final words. A few days later Danny's father, veteran Philadelphia police detective Patrick Boyle, buried his only son.

This tragedy didn't have to happen. Philadelphia police, Judge Biunno said, had previously arrested Bracey for car theft. Twice Bracey had been released without bail or supervision under terms of an order issued by a federal court. Twice Bracey had failed to show up for trial—in fact, he was a fugitive from justice when he killed Officer Boyle. This killing wouldn't have taken place, Biunno suggested, if the federal court hadn't required the defendant's release.

Criticism of a federal court on the part of a local trial judge is highly unusual. But Biunno's statement reflected the anger and frustration that officials in Philadelphia harbor toward a federal order that has wreaked havoc on their city's criminal-justice system. The court order to which Biunno referred places a cap on the number of inmates in Philadelphia prisons, and it sharply restricts the ability of judges to imprison defendants prior to trial.

Last year, the city's judges were forced to release defendants in 15,000 cases. Thanks to the court order, the city now has 50,000 fugitives from justice—defendants who have been charged with a crime but do not even bother to show up for trial. Philadelphia police arrest the same criminals over and over again, only to see them immediately released. In the nine years since the order was approved by Judge Norma Shapiro of the U.S. District Court, defendants released under federal court order have gone on to commit tens of thousands of crimes—including thousands of violent crimes such as murder, rape, and robbery.

The federal court's order is technically called a "consent decree," because it was agreed to by a previous mayor of Philadelphia. But it no longer enjoys the consent of the governed. Philadelphia's elected leaders, including its present mayor, its district attorney, and most of its city council, are deeply opposed to the consent decree but powerless to overturn it. Philadelphia may be the home of the Liberty Bell, but the federal consent decree is making a mockery of the principles expressed in the Declaration of Independence and the Constitution.

> Thanks to a federal judge's consent decree, Philadelphia has 50,000 fugitives from justice.

The Philadelphia prisons, which house defendants before trial and sentenced prisoners, have been the subject of various class-action lawsuits since 1972. Past conditions in the prisons have been unacceptable. Over the years, many experts have observed inadequate medical care that has led to the death of inmates, unsanitary food preparation, vermin infestation, and poor plumbing, ventilation, and heating.

In 1986, these conditions prompted inmates at an old, decrepit facility called Holmesburg Prison to file a lawsuit against then-mayor W. Wilson Goode. The mayor decided to settle the case rather than go to trial. The resulting federal consent decree, agreed to by Goode's lawyers, did nothing to address medical care or other conditions in the city's prisons. Rather, it sought to limit the number of prisoners, and, more important, forbade pretrial detention for defendants accused of broad categories of crime. The architects of the plan apparently presumed that

Sarah B. Vandenbraak *is the chief of civil litigation for the Philadelphia District Attorney's Office.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

reducing the number of prisoners would improve the prison environment for the remaining inmates.

Instead of individualized bail review, with Philadelphia judges considering a criminal defendant's dangerousness to others or his risk of flight, the consent decree requires a "charge-based" system of prison admissions. Suspects charged with so-called "non-violent" crimes, including stalking, car jacking, robbery with a baseball bat, burglary, drug dealing, vehicular homicide, manslaughter, terroristic threats, and gun charges, are not subject to pretrial detention.

In determining pretrial detention, Philadelphia judges can no longer consider a defendant's prior record, his history of failing to appear in court, his mental-health history, his ties to the community, or his drug or alcohol dependency. These factors become completely irrelevant. A major drug dealer carrying a loaded Uzi and a plane ticket out of the country cannot be detained before trial in Philadelphia.

As a result of this system, Philadelphia has become an especially attractive location for drug dealing. Narcotics agents assigned to the international airport routinely apprehend (and are forced to release) drug couriers, who have been assured that carrying over $100,000 of marijuana to Philadelphia is risk free. One newly arrested drug dealer, knowing that he would be released in a matter of hours, cheerfully gave his pretrial bail interviewer a phone number where he could be reached—in Cali, Colombia.

Another drug dealer, Walter Lewis, unwittingly schooled undercover narcotics officers on the benefits of dealing drugs in Philadelphia. Lewis had been awaiting trial in Philadelphia for drug dealing but had already been released because of the federal consent decree. Undercover narcotics agents from neighboring Montgomery County arranged a narcotics deal on City Line Avenue, the street dividing Montgomery County from Philadelphia. When Lewis arrived, he tried to convince the undercover officers to move the drug deal to the Philadelphia side of the street. He carefully explained that they could all be sent to jail if they stayed in Montgomery County. After the officers refused to move, Lewis mistakenly let greed guide him. He completed the deal, the officers immediately arrested him, and he went straight to jail, where he remained until trial. If the deal had occurred in Philadelphia, he would have been released in a matter of hours.

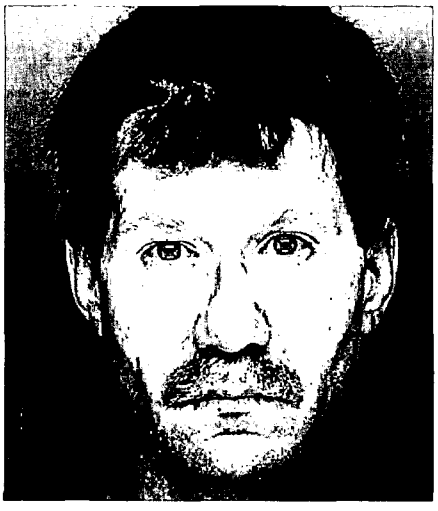
A MAJOR DRUG DEALER WITH A LOADED UZI AND A PLANE TICKET CANNOT BE DETAINED BEFORE TRIAL IN PHILADELPHIA.

The consent decree has crippled Philadelphia's already struggling criminal-justice system. Once criminals knew that they could not be detained prior to trial no matter how many times they failed to appear for court, Philadelphia began recording unprecedented fugitive rates. A study conducted by John Goldkamp and Kay Harris, nationally recognized experts on the bail process, found, for example, that 76 percent of all Philadelphia drug dealers become fugitives within 90 days of their arrest. Nationally, only 26 percent of drug dealers become fugitives within one year of their arrest. By comparison, only 3 percent of Philadelphia defendants charged with aggravated assault—a crime not subject to the release provisions of the federal consent decree—fail to appear for court.

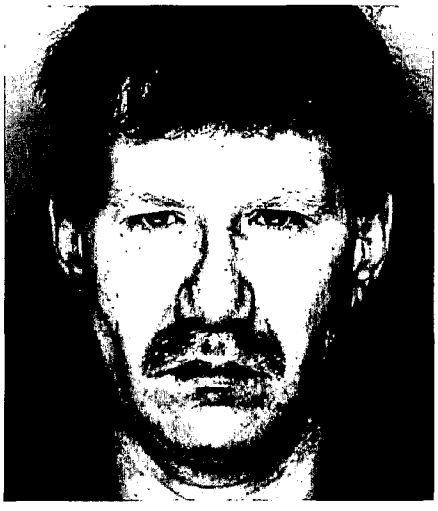
The skyrocketing fugitive rate has produced a system with more defendants in fugitive status than awaiting trial.

A federal court order severely limits Philadelphia judges' power to detain defendants prior to trial. The result is a revolving-door approach to criminal justice: Defendants are arrested and charged with a crime, but do not bother to show up for trial. Defendants such as Charles Pembroke (shown here in five police photos) may be arrested and rearrested numerous times before seeing a jail cell or a trial courtroom.

Philadelphia now has 50,000 fugitives from justice, many of whom go on to commit violent acts of crime: assaults, armed robberies, rapes, murders. In determining pretrial detention, judges are not allowed to consider a defendant's prior record, his history of failing to appear in court, or drug dependency.



Arrested January 10 for retail theft. RELEASED IMMEDIATELY.



Arrested January 26 for retail theft. RELEASED IMMEDIATELY.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

In the first six months of 1994, over 11,000 new bench warrants (the arrest document issued when a criminal defendant does not appear for a court hearing) were issued for defendants released under the federal consent decrees, representing 74 percent of all the bench warrants issued during this period. Under the consent decree, the number of fugitives in Philadelphia has nearly tripled from 18,000 to almost 50,000, equivalent to a year's worth of criminal prosecutions. And no wonder: Under the consent decree, state courts are powerless to compel a defendant's appearance in court.

Unfortunately for Philadelphians, the defendants released because of the consent decree do not lay low—they just keep on committing new crimes. In an 18-month period (1993 and the first six months of 1994), Philadelphia police rearrested 9,732 defendants released because of the consent decree. These defendants were charged with 79 murders, 959 robberies, 2,215 drug dealing crimes, 701 burglaries, 2,748 thefts, 90 rapes, 14 kidnapping charges, 1,113 assaults, 264 gun-law violations, and 127 drunk-driving incidents.

These crimes cannot all be attributed to the federal consent decree; some defendants would have been released under normal Pennsylvania procedures. But apparently half or more of these crimes could have been prevented. Goldkamp and Harris found that pretrial detainees released under the consent decree committed crimes at more than twice the rate of defendants released under state-court bail programs. Within 90 days of release, 18 percent of federally released defendants were rearrested for new crimes, compared with an 8 percent rearrest figure for comparable state bail programs.

Retailers complain of a sharp increase in shoplifting and robberies by criminals immune from incarceration. In April, Charles Pembroke was released for the fifth time in 1995 because of the Philadelphia prison cap. In the last six months, Philadelphia police have arrested Pembroke three times for retail theft, once for robbing a pharmacy with a starter pistol while threatening to kill the victims, and once for drug dealing. Pembroke has failed to appear for court seven times and, as of this writing, is a fugitive on three of his cases. Philadelphia's criminal-justice system just keeps seeing the same defendants over and over again, but can't do anything until they commit a crime so serious that the consent decree finally permits the prison to admit them.

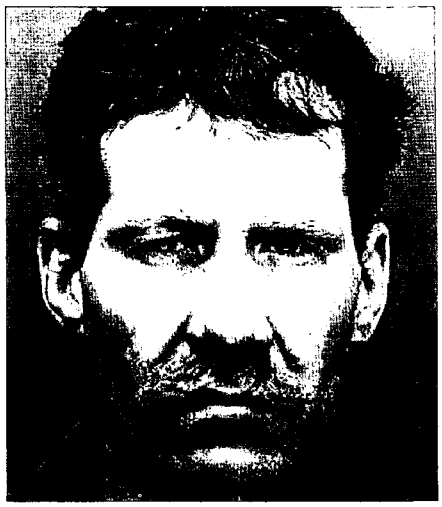
The consent decree also weakens the effectiveness of programs for criminal defendants who never would have been detained prior to trial. State judges are no longer allowed to sanction those criminal defendants who violate conditions of bail, fail to appear for trial, or commit new crimes. State-court bail programs have atrophied into virtual non-existence. Conditional-release programs providing drug treatment, aimed at lifting new offenders out of their recently acquired lives of drugs and crime, are forced to wait for offenders to become serious criminals with a long-term addiction.

PHILADELPHIA'S ELECTED LEADERS ARE NOW POWERLESS TO SET THEIR OWN CRIMINAL JUSTICE PRIORITIES.

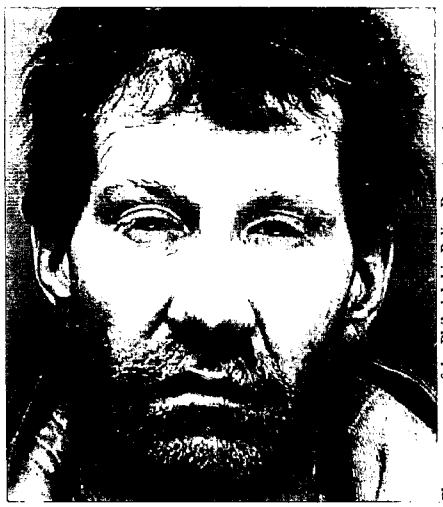
The case of Frederick Hightower vividly demonstrates the absurdity of the consent decree. Hightower was a trained helicopter mechanic from a solid family who became addicted to crack at age 29. He quickly turned to burglaries.

Given Hightower's age, lack of prior criminal-justice contacts, and long-term ties to the community, the local

Arrested March 2 on drug charges. RELEASED IMMEDIATELY.



Arrested March 12 for robbery. RELEASED IMMEDIATELY.



Arrested April 9 for retail theft and bench warrants. RELEASED APRIL 24.

Photos courtesy of the Philadelphia Police Department

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

court system (had it remained in charge of the pretrial detention process) probably would have released him without bail for his first two burglaries. But by the time he was arrested for his third burglary, the local judge would have suspected a drug problem, sent him to jail, and permitted his conditional release (again without posting bail) a few days later into an in-patient drug treatment program. If this had worked (admittedly an optimistic outlook) and he had remained in treatment, he would have been a prime candidate for a sentence of probation with the condition of continued drug treatment.

But the federal consent decree wouldn't allow the local criminal-justice system to operate. Without the threat of pretrial incarceration, Hightower wouldn't enter a drug treatment program. Philadelphia wasn't permitted to keep Hightower in jail until he was finally arrested for his 10th burglary. Hightower now was no longer a candidate for probation. Instead he received a 10-year maximum sentence, and must serve a minimum of two and a half years before he is eligible for parole.

The cost of this folly: numerous crime victims with substantial financial losses (and he surely wasn't caught every time); prison bed space occupied longer (a few years, at a cost of approximately $25,000 a year, instead of a few days); increased court costs (each one of his new cases involved police witnesses, prosecutors, defense lawyers, and court personnel), less chance of drug rehabilitation (the treatment came later in his addiction); and loss of tax revenues (Hightower was a skilled, employed taxpayer).

The Philadelphia Federal Courthouse overlooks Independence Hall, the cradle of American liberty and the Constitution. How ironic, then, that the federal court's consent decree tramples on the right of Philadelphians to a democratic political system.

Mayor Ed Rendell and District Attorney Lynne Abraham, both elected Democrats, won office pledging to do what they could to overturn the prison-cap and prisoner-release provisions of the consent decree. Philadelphia's top leaders, including most of the city council, are united in their view that the federal court's rules on pretrial release of defendants are a serious threat to public safety, effectively decriminalizing property crime in Philadelphia and harming the financial viability of the city. But the federal court has rejected all challenges to the consent decree, and shows no indications of ceding oversight over the issue. Philadelphia's elected leaders are powerless to change agreements made by a prior administration, and so powerless to set their own criminal-justice priorities.

Our democratic system presumes that policies made by today's elected leaders, whether by legislation, regulation, or policy statements, can be altered by their successors in office. Through periodic elections, the public can throw out arrogant public officials who try to insulate their governmental vision from change or from the will of the electorate. Philadelphians do not consent to the consent decree that is destroying their criminal justice system. It's time that Philadelphia's elected leaders be allowed to do the job for which they were elected. Isn't that what America's independence was all about? ☎

DISCOVERY INSTITUTE and ICS PRESS

Announce the reissue of a classic

George Gilder's
Visible Man
A True Story of Post-Racist America

To order your copy of *Visible Man* call Discovery Institute at (206)287-3144 today.

Discovery Institute ◆◆ 1201 Third Ave., 40th Floor ◆◆ Seattle, WA 98101

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Litigation Tariff

The Federalist Case for National Tort Reform

Spencer Abraham

Friends of federalism are right to celebrate the recent Supreme Court decision striking down the federal law banning guns on school grounds. While we certainly must work to keep guns out of our schools, this is a state and local concern, one which almost all states already have addressed through their own legislation.

In *United States v. Lopez,* the court ruled that Congress had relied on an indefensibly broad interpretation of the Constitution's interstate-commerce clause in claiming that possession of a firearm in a school zone could interfere with interstate trade. Chief Justice William Rehnquist wrote that the Gun-Free School Zones Act "is a criminal statute that by its terms has nothing to do with 'commerce' or any sort of economic enterprise, however broadly one might define those terms."

Though correct in claiming that Congress had—for nearly 60 years—used the commerce clause to justify the gradual encroachment of federal power over our lives, conservatives err when they pretend there are no serious threats to interstate commerce legitimately subject to congressional regulation. On the contrary, there is a growing and ravaging menace to interstate commerce that forces good products off the market, stifles innovation, hurts our ability to compete in the world marketplace, and is unjust both to consumers and manufacturers. It is embodied in the uncontrolled liability rulings and legal expenses that characterize the civil-justice system of most states in the nation. Despite conservative fears of legal reform at the national level, true federalists should embrace limited federal tort reform to rescue a court system that is helping to undermine the economic base of numerous businesses and industries.

First Principles

We must, however, limit intervention from Washington according to the principles of federalism and with an understanding that the potential risks of national intervention always are high.

When our Founding Fathers met in Philadelphia in 1787 they were faced with two major problems: The Continental Congress was having trouble raising money to conduct a national defense; and the states were engaging in the economically and socially destructive practice of taxing goods coming from all other states. The Framers solved the first problem by giving Congress the power to impose certain taxes. They solved the second by establishing national jurisdiction over interstate commerce, with the aim of promoting what Federalist 11 calls "a free circulation of the commodities of every part" of the union.

Today we face threats to interstate commerce analogous to those faced by the Founders. Interstate commerce is restrained and even stifled by state-based liability rulings and legal transaction costs as destructive as the taxes about which the Founders were so concerned. The clearest example is in product liability, in which rulings and their costs create not a series of competitive state markets, but rather a restrictive, illogical, and inefficient national market. Moreover, we effectively already have a single unitary tort system in the law of products liability. Unfortunately, our unitary system comprises not a coherent, consistent body of laws, but the most commercially restrictive features of the tort laws of individual states.

> WE NEED UNIFORM STANDARDS ENCOURAGING SAFE CONDUCT AND DISCOURAGING FRIVOLOUS LAWSUITS.

It is not difficult to see how this has come about: The law of the state in which the alleged harm occurs generally decides tort cases. Yet our market for products is national, so every company must be prepared to be sued in any state in which its product might be used. If a car built and sold in Michigan by a Michigan corporation is in an accident on a California freeway, California's tort law will determine whether the car maker is liable. If the

Spencer Abraham, *a Republican, is the junior U.S. Senator from Michigan. He is the co-founder of the Federalist Society for Law and Public Policy Studies.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

California legislature decides that side air bags are a necessary safety feature, it could impose strict liability on the manufacturer of any car made anywhere in the United States without one.

No Experimenting Here

Michigan cannot prevent this with tort reform. As a result, insurance companies already set their product-liability rates nationally, because under the current system all companies must abide by the law of the state with the strictest rules.

Under these circumstances, how can states serve as "laboratories of democracy" in the area of product liability? No state will know or have any real incentive to find out whether its product-liability "experiment" has succeeded or failed. Why? Because liability costs—in the form of higher prices for goods and services—are spread nationwide. Meanwhile, the benefits of the state's product-liability system flow primarily to its residents, who constitute the vast majority of potential plaintiffs. A state that elects a less costly set of product-liability rules will see the benefits of that system shared by in- and out-of-staters alike, while its residents will continue to pay almost as much for products because of more costly out-of-state tort systems. Congress does not face the same obstacles in enacting product-liability legislation. It, and it alone, can develop a set of national rules designed to maximize the common good whose costs and benefits will be shared by all citizens.

THE HUGE COSTS OF OUR LIABILITY SYSTEM CREATE A "TAX" OF 2.5 PERCENT BUILT INTO THE PRICE OF THE AVERAGE PRODUCT.

But, while Congress is uniquely qualified to undertake this task, that does not mean that it will in fact perform it well. Legislative efforts might be hijacked by one or another faction, leading to either excessive or insufficient liability being imposed. Indeed, virtually all political scientists and theorists agree that the Framers systematically underestimated the risks of national factions, largely because modern communication has profoundly changed politics.

Nevertheless, product-liability reform presents fewer risks in this area than do most issues. The reason is that the status quo is bad enough that congressional intervention probably will make it better, and is quite unlikely to make it worse. We need federal action because the system is not just broken, it is falling apart.

Personal and Social Costs

One obvious problem with our system: It keeps even real victims, who have been injured and need financial help, from collecting their fair share of damage awards. Tillinghast Research reports that 57 cents of every dollar spent on civil suits in this country go to pay lawyers and other legal costs like the public expenses of the court system.

Consumers also suffer. The huge costs of our legal system create a "liability tax" of 2.5 percent on the average product, built into the selling price by manufacturers. The figure is much higher for other products, such as step-ladders (30 percent) and vaccines (95 percent) that tend to attract lawsuits.

In addition to making things more expensive, liability taxes make necessary goods scarce or even unavailable. Lawyer and engineer Peter Huber reports that between 1965 and 1985, the number of U.S. vaccine manufacturers shrank by more than half; by 1986, we relied on a single supplier for vaccines against polio, rubella, measles, mumps, and rabies. Our own Senate Commerce Committee reported that two of the three companies making the Diphtheria-tetanus-pertussis, or DPT, vaccine stopped production because of liability costs: They could not afford all the suits arising from the now clearly discredited theory that the vaccine might in very rare instances cause brain damage.

The results of such policies can be devastating, particularly to the sick and helpless. There are some 5,000 diseases that affect small numbers of Americans. Many of these diseases, including leprosy, are extremely serious. But a number of them have gone untreated, because pharmaceutical companies cannot afford the risk. A West German chemical company, for example, at one time supplied Americans with botulinum. A paralytic poison, the drug controls a rare but incapacitating disease that affects the control of eye muscles. The company cut off American supplies to avoid being held liable should people misuse its product.

Dozens of examples like this one prompted the federal government in 1983 to enact the Orphan Drug Act. This act provides special incentives and waivers to companies researching and manufacturing drugs for rare diseases. One of its purposes is to overcome the disincentives to produce needed products that have been built into our legal system, and it has done some good in this area. But orphan drugs are only the most visible signs of a deeper problem. Research and development are undercut when companies are afraid to enter the market for fear of massive, unfounded lawsuits. The result is a lack of innovation and improvement as well as a lack of competition among companies—that is, a loss of the best means by which to keep quality up and prices down.

The system also hurts our economic competitiveness. A 1994 Business Roundtable survey of 20 major U.S. corporations reveals that they receive 55 percent of their revenue from inside our country, but incur 88 percent of their total legal costs here. Clearly such discrepancies in legal costs put our companies at a disadvantage in the world market. So do our yearly litigation-related costs of $300 billion, or 4.5 percent of our gross domestic product.

Given the nature of the American economy, then, our product-liability system can best be reformed at the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

national level. We need uniform standards encouraging safe conduct and discouraging frivolous lawsuits aimed only at garnering unjust rewards. In particular, we must limit punitive damage claims and bar joint liability. At the same time, we need a provision holding each defendant accountable for that portion of the damage for which he or she actually was responsible.

State Reforms

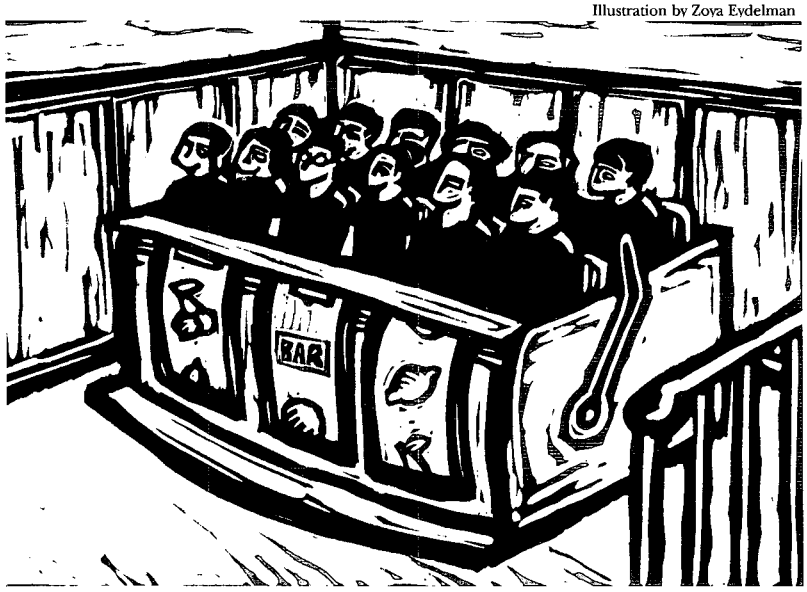
Product-liability reform will not address all of our problems, however. The National Federation of Independent Business reports that product-liability reform will help only 35 percent of small businesses. The other 65 percent are not involved in these cases and so will not benefit—and even may suffer worse harm by being brought into lawsuits under joint and several liability rules.

Product manufacturers and sellers do not shoulder all of the burden of unjust tort claims and awards. According to *Inside Litigation,* there were 50 cases in the United States in 1994 in which jury verdicts exceeded $17.5 million. Of these, only seven were product-liability cases. The remaining 43 involved disputes concerning employment, securities, lenders, accountants, environmental claims, insurers, business torts, state and local governments, volunteer firefighters, medical claims, and personal injuries not involving products.

What, then, should we do about these other suits? How should we protect volunteers, lenders, and others from our flawed legal system?

We could devise a national standard for all civil litigation. In this way we could ensure uniformity in standards of conduct and thus much more uniform results. But national standards are neither necessary nor proper, in my view, outside the field of product liability. This is because other types of civil cases do not produce the same disproportionate consequences across states as do product-liability suits. Suits against hospitals are mostly by local patients, suits against volunteer firefighters are mostly by local litigants. Most of the rules for such litigation should properly be determined by the states.

Illustration by Zoya Eydelman



Even so, there are some implications for interstate commerce—and therefore grounds for some federal involvement. Some of these lawsuits do involve cross-state litigants, and a dynamic similar to that in product-liability law has led to a systematic bias in favor of plaintiffs that is harmful to interstate commerce. States are unable to protect in-state defendants from unreasonable suits by out-of-state plaintiffs, because the plaintiff in an interstate suit can choose which state to litigate in, and therefore which state's laws apply. By contrast, states can easily establish rules that benefit in-state plaintiffs—and they frequently do so. Thus the same pattern the Founders feared—by which state taxes are used against out-of-state goods and interfere with economic productivity—is at work.

Ending Windfall Profits

Rather than taking over underlying liability laws, we should use federal power judiciously—and humbly—in order to make modest changes in the structure or legal machinery by which decisions and judgment awards are made. We should replace state law with federal rules, however, only when we are dealing with clear cases—bearing in mind the risks, as well as the benefits, of federal action.

Here is my prescription. First, national lawmakers should extend to all civil cases the replacement of joint liability with proportionate liability for non-economic damages. Under the current system, partially responsible parties must pay for more than their fair share of the damages because other defendants have become judgment-proof. For example, in *Walt Disney World Co. v. Wood,* a woman was injured when her fiancé struck the go-cart she was driving at Disney World. The jury found her 14 percent at fault, her fiancé 85 percent at fault and Disney only 1 percent at fault. But, under the doctrine of joint liability, Disney was required to pay 86 percent of the plaintiff's claimed damages.

Second, the existing structure of punitive damages is rife with abuse. The courts have rightly regarded punitive damages as the equivalent of a state-imposed fine. Huge punitive damage awards can put a company or individual into bankruptcy. Such awards are meant to be rare and aimed only at particularly egregious conduct. They also are supposed to be awarded only in addition to economic and non-economic damages.

Yet Yale Professor George Priest reports that punitive damage claims have become "almost routine." According to Professor Priest, lawyers increasingly use punitive damage claims to bully even innocent defendants into settling cases for higher amounts. Our high and unpredictable punitive damage claims thus encourage litigation because in too many cases they produce "windfall profits"—huge unearned rewards.

A federal cap on punitive damages at some reasonable level would take nothing essential away from the plaintiff. It would, however, protect defendants and society from unfair and financially disastrous awards. These awards

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

hurt all of us by raising prices for goods and services, sometimes so high as to make them effectively unavailable. They hurt, even bankrupt, small businesses in particular, and so cost jobs.

Rediscovering Discovery Costs

Finally, we must do something about the enormous transaction costs incurred under the present system, which nobody can defend. Eighty percent of the cost of the average lawsuit is incurred during discovery. Sifting through documents, taking depositions and so on—all of these practices consume massive amounts of time and money. And discovery costs relate as much to issues of courtroom tactics as to actual questions of fault and damage. The process is so costly because attorneys seek to "discover" absolutely everything about their opponents that might possibly be useful in the battleground of the courtroom.

One way to attack this problem would be to change the incentives in the system to encourage parties to settle their disputes early. By encouraging settlement before discovery is complete, we will save everyone a great deal of time, money, and aggravation.

How can we do this without infringing on anyone's right to full compensation? No one wants to deny any Americans the right to their day in court if they feel they are not being fully compensated for their damages. But just as surely, none of us wants to continue with the wasteful, unfair status quo.

We should reward defendants for making full and fair offers early on, without declaring that the plaintiff must accept just any offer. We should increase and speed up recoveries for meritorious claimants. At the same time, we should reduce both the incentives of defendants to drag out these disputes through whatever means available and the costs of those recoveries to defendants.

The method would be simple: Provide protection to defendants who quickly promise to pay the plaintiff's full economic damages, plus, perhaps, an additional amount set by a state schedule based on the severity of the injury. This helps plaintiffs by restoring in full their economic losses without months or years of legal struggle. It helps defendants by protecting them against unlimited non-economic damages claims if they make a fair offer early on.

Faced with such a system, defendants will offer fair compensation more quickly, and plaintiffs will be less likely to turn down a fair offer. Both sides would benefit from early settlements by avoiding long, expensive, and perhaps unsuccessful litigation. Thus lawyers and litigants no longer would hold out for more money and higher fees unless they clearly are warranted. And defendants and their insurance companies would no longer drag out litigation in hopes of making plaintiffs give up their suits and go away.

All of these reforms will increase the fairness and efficiency of our legal system. Moreover, all are amply justified under federalist principles by the peculiar incentives in our present system—incentives that encourage states to develop laws benefiting in-state plaintiffs at the expense of the public interest.

A Federalist Escape Clause

We still should take care to protect and nurture federalism, however. In the case of my early-offer recommendation, for example, I would allow a state to opt out of the federal reform—in whole or in part—for disputes entirely between citizens of that state. This would encourage those states that feel strongly about the issue to retain their own legal machinery, but only if they can justify to their own people that the machinery is sound and only if its costs and benefits are allocated to their own citizens.

Some may not be convinced that other reforms (including barring of joint liability and punitive-damage caps) are justified by federalist principles. These people should consider going along with the reforms, but attaching a state opt-out provision. If a large number of states opts out of a particular reform under these circumstances, it would serve as a strong signal to Congress and the people that the national "reform" may in fact have been the product of national faction, rather than a necessary preemption of an illegitimate burden imposed by the states on interstate commerce.

An escape mechanism of this sort could also be useful in other areas beyond legal reform, where there are legitimate differences of opinion on whether federal intervention is needed or desirable. In particular, Congress should consider allowing this opt-out provision whenever it exercises its commerce power to remove burdens on interstate commerce caused by a systemic bias that state competition cannot correct (see Easterbrook, "Madison, the State, and Public Choice," University of Chicago Law School Record [Spring 1995]. Professor Akhil Amar also suggested an inquiry along these lines in a conversation with a member of my staff.) If widely used by the states to evade provisions of federal law, the provision also would help us identify areas in which Congress was wrong to intervene, because the burden imposed on interstate commerce was in fact a legitimate state interest.

This leads us back to *Lopez*. I have no doubt that civil-justice reforms crafted along the lines I have discussed would pass muster with the Supreme Court. The link between the legislation and interstate commerce would be quite clear. In addition, an opt-out feature of the sort I have described would eliminate cases in which there is no real connection between interstate commerce and the practice in question. Finally, an escape provision for close cases—where there is some reason to believe that competition among the states' legal regimes is not functioning properly, but the evidence is not overwhelming—would allow the system to send a useful signal to the Court. It would show that the underlying law was intended as a legitimate exercise of Congress's power to alleviate perverse burdens on interstate commerce, and not as a grab for power in the interests of some national faction.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

INDIANA POLICY REVIEW

A nonprofit Indiana corporation

A FUTURE THAT WORKS

To commission research on governmental, economic and educational issues at the state and municipal levels in ways that:

- Exalt the truths implied in the Declaration of Independence, especially those concerning freedoms of religion, enterprise and speech.
- Emphasize the primacy of the individual in solving public concerns.
- Recognize that equality of opportunity is sacrificed in pursuit of equality of results.

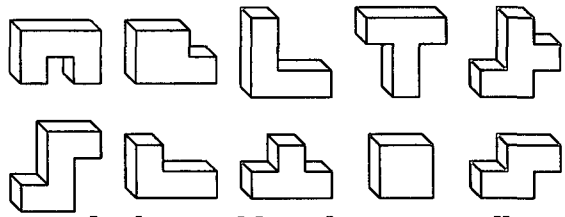
For information on publications contact:
The Indiana Policy Review Foundation Inc.
320 North Meridian, Suite 904
Indianapolis, IN 46204-1719
Telephone (317) 236-7360 Facsimile: (317) 236-7370

An Unexercised Mind May Become An Incapable Mind

Mental exercise may be as important to your health as physical exercise. Organized Thinking can provide you with a constant source of problems and challenges to test your thinking skill. Two of our Puzzle Systems are shown below.

CUBE5™

Assemble The 3x3x3 Cube



and other problem shapes, as well.

Use different selections of the ten wooden pieces to construct the 3x3x3 Cube, and other problem shapes. Fifty puzzles in all! The 3x3x3 cube assembled out of six CUBE5 pieces is 2 1/4 inches on a side. Price: $25.

SCRAMBLE-20™

Re-arrange Letter Rectangles in the columns

A A A D	H A A E E	C A A E
H E K E	R C N G L	F E F L
S L L L	S E O R N	G I I R
Y O N Y	Y O T U T	Y O S T

to find the English words in the rows.

Form words in the rows of the SCRAMBLE-20 puzzles by exchanging column letters. Go from 4x4 Letter Rectangles to 8x5 ones. Two hundred puzzles in all! SCRAMBLE-20 has 80 plastic letter pieces in four colors. Price: $20.

To order CUBE5 or SCRAMBLE-20, or both, call 800-298-4947, or mail payment to our address below. Add $5 for Shipping and Handling. (MA Residents add 5% Sales Tax.)

Organized Thinking 220 Boylston Street Newton, MA 02167

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

HAPPY MEALS

When Lunch Subsidies Are Chopped, Kids Eat Better

STEPHEN GLASS

Every morning for seven years, Linda Desrosiers packed her lunch before heading to work as a high-school cook. "I wouldn't touch the food they had us make," she says. "People looked at it and smelled it, but no one ate it."

School janitors in Woonsocket, Rhode Island, an impoverished textile-mill town, confirm Desrosiers's stories of platefuls of grayish green beans and "beef surprise" winding up in the dumpster. One janitor said he changed the high school's industrial-sized garbage bags at least twice in each of the three lunch periods.

In recent months, liberals led by President Clinton have argued that the federal school lunch program "ain't broke" and shouldn't be fixed. They argue, persuasively, that kids who are hungry won't learn. But they also make the false assumption that students actually eat the meals that the government subsidizes. Rhode Island is proving that students' nutrition levels can improve dramatically when subsidies for school meals are slashed.

This academic year, the state of Rhode Island radically reformed its school-lunch program by dumping a quarter-century of centrally planned purchasing, hiring, and cooking. The state cut its $11-million school-lunch appropriation to less than $200,000 and fired all but 11 of the 780 workers who administered, cooked, and served the lunches. Now, private food-service contractors like Marriott and ARA Corp. plan the menus and feed the students. The school districts still get reimbursement from Washington, but the federal money is sent directly to the local districts on a per-meal basis. As a result, combined federal and state subsidies have fallen from more than $23 million in 1993-94 to $12 million—a 48 percent cut.

The result: Kids are eating better. In the past seven months, student participation in school-lunch programs has soared, nutrition levels have risen to among the best in the nation, and poor school districts like Woonsocket are generating a profit.

Brandon Powers, a sixth-grader at Woonsocket Elementary School, says the only downside of the privatized system is that it has put an end to daily "school-slop sculpture contests." "Now the food is pretty good," he says, "so people prefer to eat it rather than build with it." Even Desrosiers, now a cook for Marriott, eats it every day.

Students at North Smithfield High School now eat their hamburgers instead of conducting experiments on the effects of mustard, catsup, and relish on burger flight. And students at a magnet high school in Providence no longer request extra gravy with their mashed potatoes just to provide greater contrast for finger-painting with their food.

School officials back up students' claims that they are eating more. Since a private contractor took over Woonsocket High School's lunch program, janitors haul away 75 percent less garbage from the school cafeteria. Irene Scripsack, the business manager for the North Smithfield school district, says her janitors only collect 5 percent as much garbage as they used to. Scripsack won't say how often she ate the state's food, but admits it was "quite rare."

"The state-run program suffered from what I call 'orange-ravioli syndrome,'" says John Caparco, the principal of Woonsocket High School. "Just providing food students should eat does not mean they'll eat it. They were simply out to lunch when it came to making the food appealing." Caparco admits even he didn't eat the old food. "Now I get it all the time."

Ellen McKenna, a junior dietetics major at the University of Rhode Island, demonstrated that plate waste was cut dramatically at schools that used private contractors. For instance, she found that most of the hot-food trays were "completely cleared of food" before they were emptied in the trash at Marriott's Potter-Burns Elementary School cafeteria in Pawtucket, where 32 percent of the students are eligible for free or reduced-price meals. Likewise, at ARA's Central Falls Elementary School, where 89 percent of the students qualify for free or reduced-price meals, students ate almost all of their carrots, breads, burritos, and sandwiches.

At the state-run cafeteria at Lonsdale Elementary School in Lincoln, a wealthier community where the state-administered program had not yet been phased out, students were "picking at their food," rather than eating it. On the majority of the trays, most or all of the rice, bread, and fruit had been left uneaten. McKenna reports that students had difficulty identifying the food, and tended to push it around the tray rather than eat it. For instance, one student said he couldn't identify his ham-salad sand-

STEPHEN GLASS *is the assistant editor of* Policy Review.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

wich. McKenna described it as a "pink mush on a roll."

After privatization, not only are students eating more of the meals on their trays, but more of the kids are buying meals. In Woonsocket, for instance, where more than 77 percent of the students qualify for free or reduced-price meals, participation has soared under Marriott's direction. During the 1991-92 school year, this "severe-need" district served 2,652 lunches a day. Now it averages 3,486 lunches daily—a 31 percent increase. Similarly, under the state-run system, Woonsocket only served 288 breakfasts daily; now it serves 597—a 107 percent increase.

Woonsocket is the rule, not the exception. In Providence, where more than 70 percent of the students receive free or reduced-price meals, participation has increased 22 percent since a private vendor took over the cafeterias. And wealthy school districts, like North Smithfield, have recorded 25 percent more students eating school lunches since the state system folded.

Between bites of a chicken-patty sandwich, Pauline Goin says she and her friends rarely bought lunch when the state ran the cafeteria, because the food was always a mystery—in both appearance and taste. "The other stuff was, you know, welfare food, and it tasted like it," the sixth-grader says bluntly. "This stuff is regular food—you know, for humans."

Greater participation seems to improve discipline during the once-raucous lunch period. Woonsocket's Caparco says that the time his office spends handling discipline problems has been cut by about 20 percent. "If the kids are eating, it's harder to be fighting," Caparco notes.

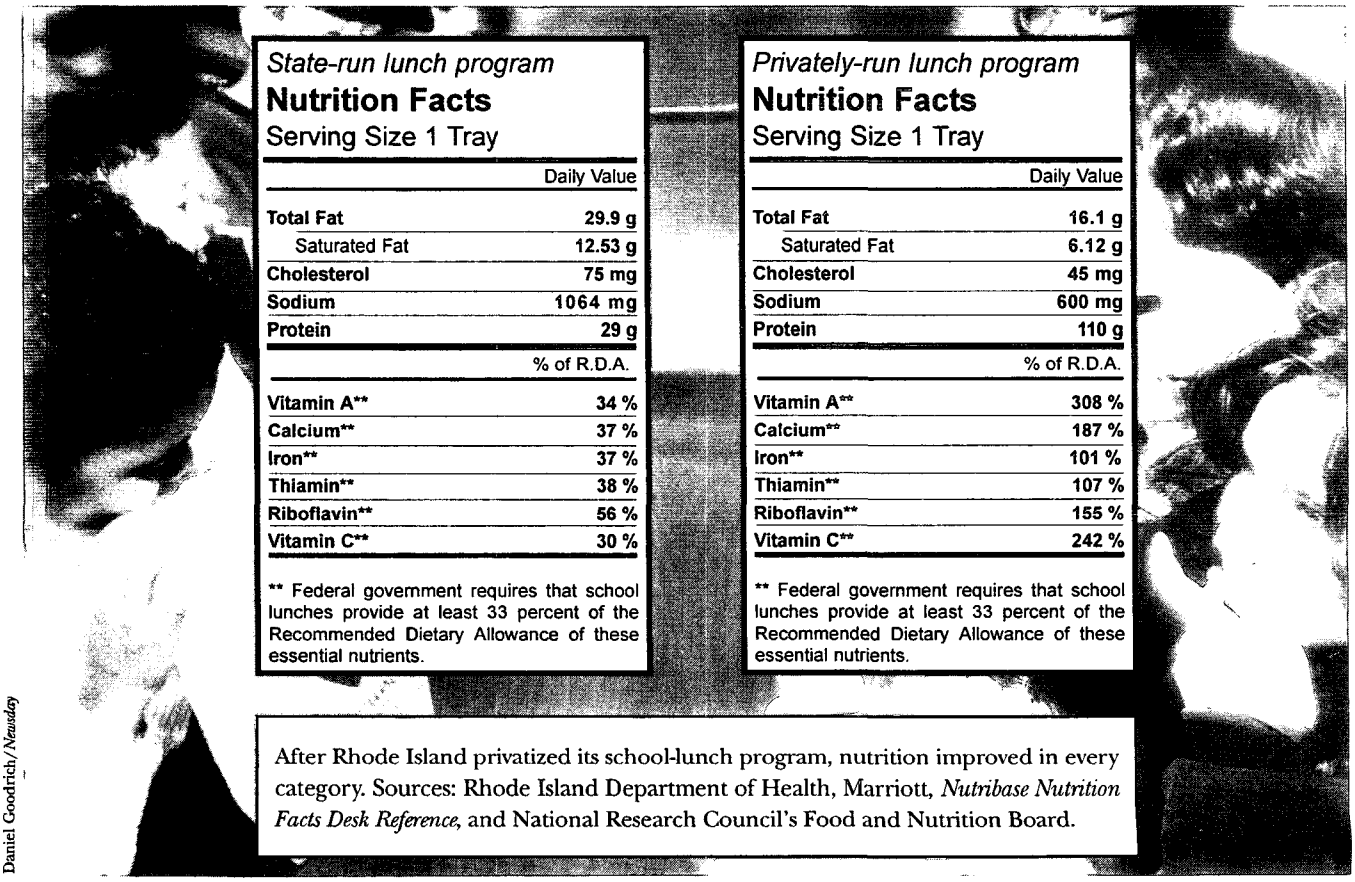
Have It Your Way

Ruth Eshelman, a nutrition professor at the University of Rhode Island, says that options are essential to students' satisfaction. "If I have a choice, I am much more likely to eat what I choose," Eshelman said. "If I have to eat carrots, they will be terrible, but if I pick carrots over green beans, the carrots might be wonderful."

The state-run school lunch program offered no choice. Each week, newspapers across the state printed the upcoming menu with a total of five listings—the entire state had one option each school day. Private vendors, on the other hand, offer about 20 alternatives daily. Woonsocket High School students, for instance, can now choose from five meats, several cheeses, and two kinds of bread in the deli line. They can also pick from a list of three or four hot sandwiches, two salads, and a pasta dish. In addition, the menu offers pizza and burritos. Even if the student tires of these regular items, several specials are offered each day. Students also choose from a selection of fresh fruit and vegetables at every meal. And parents are sent a monthly menu describing each day's choices and their nutritional value.

Private vendors also increase participation by using name brands: Pizza is supplied by a local Domino's franchise, and burritos are cooked according to a Taco Bell recipe. The name-brand packaging and advertising raise the likelihood that students will actually like the meal.

Private vendors recognize that student involvement is vital to customer satisfaction. In Woonsocket and Providence, groups of students and parents meet month-



State-run lunch program

Nutrition Facts

Serving Size 1 Tray

	Daily Value
Total Fat	**29.9 g**
Saturated Fat	12.53 g
Cholesterol	**75 mg**
Sodium	**1064 mg**
Protein	**29 g**
	% of R.D.A.
Vitamin A**	**34 %**
Calcium**	**37 %**
Iron**	**37 %**
Thiamin**	**38 %**
Riboflavin**	**56 %**
Vitamin C**	**30 %**

** Federal government requires that school lunches provide at least 33 percent of the Recommended Dietary Allowance of these essential nutrients.

Privately-run lunch program

Nutrition Facts

Serving Size 1 Tray

	Daily Value
Total Fat	**16.1 g**
Saturated Fat	6.12 g
Cholesterol	**45 mg**
Sodium	**600 mg**
Protein	**110 g**
	% of R.D.A.
Vitamin A**	**308 %**
Calcium**	**187 %**
Iron**	**101 %**
Thiamin**	**107 %**
Riboflavin**	**155 %**
Vitamin C**	**242 %**

** Federal government requires that school lunches provide at least 33 percent of the Recommended Dietary Allowance of these essential nutrients.

After Rhode Island privatized its school-lunch program, nutrition improved in every category. Sources: Rhode Island Department of Health, Marriott, *Nutribase Nutrition Facts Desk Reference*, and National Research Council's Food and Nutrition Board.

Daniel Goodrich/*Newsday*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ly with Marriott's food-service directors. Dina Dutremble, Woonsocket's business manager, says the state never responded to local concerns; private contractors, on the other hand, conduct weekly taste-tests.

Sandra Caron, a senior at Woonsocket High School who is a vegetarian, says that these meetings have allowed her to buy her lunch at school for the first time. After explaining to the food-service director that she and several other students would be willing to buy lunch if vegetarian entrées were more readily available, the company promised to look into it. "I suspected they would do what had always happened. Nothing ever happens," Caron says. "But within two weeks, there was a vegetarian item on the menu every day."

Ellen Haas, a USDA official who supervises the school lunch program from Washington, doesn't trust the private sector. She insists that devolution to local districts, like Rhode Island's privatization initiative, will lead to "short-term malnutrition and a lifetime of serious and costly health problems." Her fears were echoed by House Minority Leader Dick Gephardt, who equated devolution to "a dagger pointed at the hearts of our children." But a careful review of nutritional data demonstrates that Rhode Island's new, private programs outperform its state-run lunches. Haas's office did not return several phone callls.

Illustrations by Sam Walker

Current USDA regulations require that school lunches provide at least a third of the Recommended Dietary Allowance (RDA) of seven nutrients—ranging from vitamins A and C to iron and thiamin. Rhode Island's state-run school-lunch program, however, did not meet these minimums. Bethany Algier, a nutritionist with Rhode Island's Department of Health, notes that a 1991 nutritional audit of the school-lunch program found that the state's program fell short in vitamin C and iron and did not meet the target for calories. Plus, this audit assumed implausibly that the students were eating everything on their trays. Although liberals can speak of the value of mandating nutrition levels, Rhode Island demonstrates that these mandates are not even enforced, and it is impossible to ensure the students will even eat the food.

The private vendors, however, combat both these flaws by providing more nutritious meals that the students actually want to eat. According to the Department of Health's nutritional audit, Marriott's menus exceed the state's program by at least three-fold in each of the RDA's seven nutrient categories. In fact, the private-sector program provides students with more than double the RDA of vitamin C, protein, and vitamin A—600 percent of the federal minimum for school lunches.

In addition to the RDA nutrients, the private vendors' meal plans have less fat, cholesterol, and sodium and more fiber than Rhode Island's state-run program. Over a 10-week period, the average Marriott lunch contained 33 percent less fat, 40 percent less cholesterol, and 40 percent less sodium than the state's lunches. Marriott's average lunch contained only half the saturated fat and twice the fiber of a government lunch.

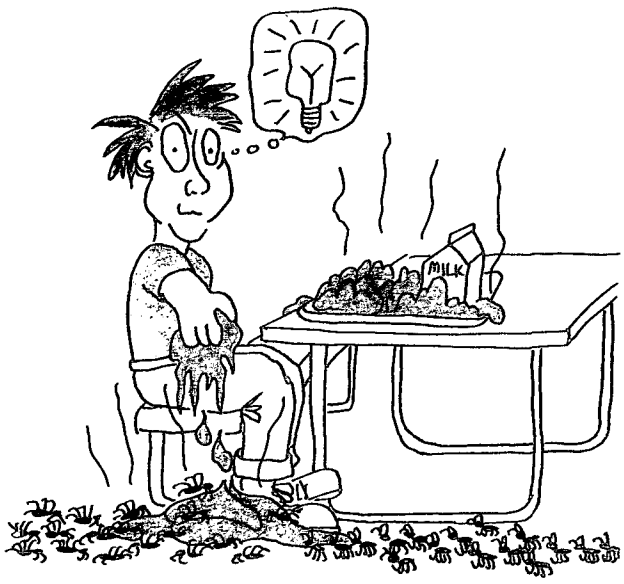
Desrosiers and other cafeteria workers don't find these numbers surprising. In the private kitchens, fruits and vegetables rarely come from the can, since the two leading companies, ARA and Marriott, can use their buying power to get price breaks on more nutritious fresh and fresh-frozen produce. In North Smithfield, the independent school-lunch program has promised parents that it will never deep-fry a single item it sells; it even uses low-fat mozzarella cheese on its pizza. This district's hamburger meat contains about 15 percent fat, while the state-run program never used beef with less than 30 percent fat.

Most remarkable, however, is that private vendors don't just provide healthier meals that students will eat, they do it at a profit. Like discount book chains, Marriott and ARA make money selling a high-quality product cheaply by counting on high volume. The per-meal federal reimbursement formula gives the contractors an incentive to provide nutritious meals that kids will like, because the more meals they induce kids to buy, the greater their margins beyond fixed costs. So far, the strategy has paid off.

The secret to making it all work is the plan's clever payment system. The complicated arrangement provides the private contractor with an incentive to feed more students and allows the school district to keep most of the profits. School districts pay the contractor an annual fee to run the program. This fee pays for everything from capital improvements to salaries and food. The school district then keeps all the money the students pay. In addition, the district keeps all of the per-meal subsidies Washington sends it. If these revenues fall short of the district's payment to the private contractor, the contractor assumes the loss. This way, the district can't lose money and the contractor has an incentive to keep costs down while serving more meals. If the district turns a profit, the contractor gets a small cut.

Dutremble, the business manager for the Woonsocket School District, says that the school lunches were a daily

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED



headache under the state-run program. While the state provided all of the workers, menus, and food, her district had to pay for high-priced food-service equipment out of its local operating budget. These costs were often so high that some school districts could not afford "sneeze guards" in their serving lines.

Under Marriott's direction, the program is self-sufficient and has already turned a $42,000 profit this year, most of which the district keeps. In Woonsocket, the money is being used to purchase a new $30,000 dishwasher and a truck to deliver meals more efficiently to the elementary schools. Providence's program will profit by more than $100,000 this year, and North Smithfield was $5,000 in the black as of January 1.

In addition, fears that poor or small school districts would be ignored by private vendors are unfounded. In fact, poorer school districts—such as Woonsocket and Providence—are considered more desirable contracts for private vendors. These students are less likely to bring a lunch than their more affluent peers and therefore participation rates rise more dramatically when the food improves. Small school districts in Rhode Island joined together to negotiate joint competitive contracts. Lastly, the state limits the threat of corruption by putting the program out for bid frequently. Rhode Island prohibits school-lunch contracts of more than a year, and limits the number of renewals.

Rhode Island's experiment with privatized school lunches is the brainchild of a state legislator, Paul Crowley. A restaurant owner, Crowley was appalled to discover wages in state-run cafeterias were more than $4 per hour higher than at private restaurants, while nutrition levels were substandard.

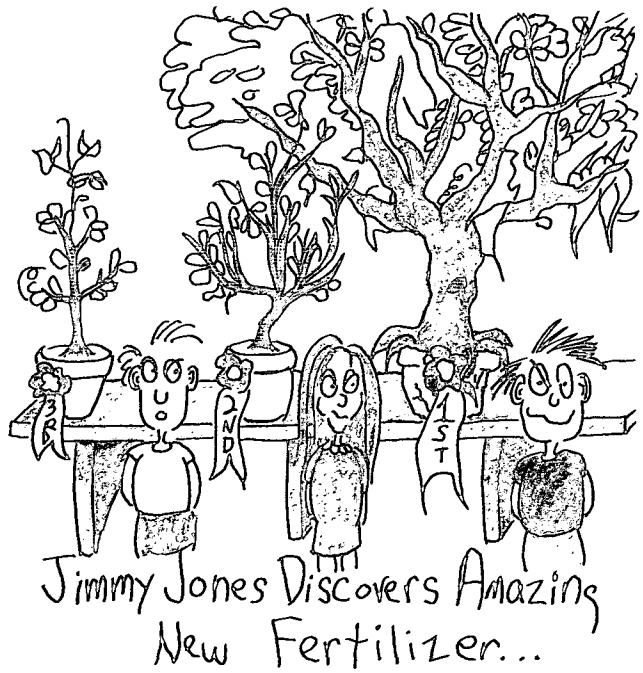
For years, Crowley's efforts to privatize the program were blocked by state-employee unions. Two years ago, however, Crowley found that the Providence school board had conducted a study showing that a private vendor would save the district more than $600,000 a year. School officials there said they abandoned plans to privatize their program under union pressure. Crowley said the unions even sent busloads of lunch workers to their meetings. After public hearings, Crowley amended the state's Fiscal Year 1995 budget to phase out the school-lunch program this school year. Under the new system, local school districts—rather than the state—are reimbursed directly from the federal government. As in all states, students pay some, all, or none of the lunch cost depending on their parent's income; Washington coughs up the rest.

"We should be in the business of teaching, not feeding," Crowley says. "If other people make a better mousetrap, it makes more sense to buy theirs than build your own."

Although school-district officials universally praise the private-sector lunch program, some are concerned about the GOP's block-grant proposal. Providence officials, for instance, expect the district-wide student body to increase by at least 800 kids next year, and fear that the block grant will not cover extra meals. But Crowley claims the program will still thrive under the block grant proposal. As a district's population increases, more students will buy meals. Since private contractors get paid on a per-meal basis, a larger student body would compensate for a reduction in per-student dollars.

Rhode Island is evidence that converting federal funds to block grants can only improve the nation's school-lunch program. Given full responsibility for the programs, Crowley predicts more states will turn to innovative private alternatives that cost less and maintain higher standards.

In fact, Crowley believes if school lunches had been devolved years ago, Rhode Island would have privatized sooner. "We have found that local districts are best off when they handle this on their own," Crowley said. "Block-granting can only help us continue on this path."



LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

CUTTING CLASS

The PTA Plays Hooky from Educational Reform

CHARLENE K. HAAR

Since the publication of "A Nation at Risk" in 1983, Americans have become increasingly alarmed about the dismal results and soaring costs of their public schools. No group of citizens has a closer view of these problems or a more immediate stake in addressing them than the parents of the country's 48 million schoolchildren. Here and there, parents have won minor battles to influence curricula or oust mediocre school-board members. But as individuals, parents are no match for the forces that favor the status quo.

Parents' most promising forum to agitate for reform and hold their local educators accountable for failure already exists: the venerated National Congress of Parents and Teachers, commonly known as the PTA. Unfortunately, parents cannot count on either their local PTA or its national leadership to advance parental interests—or even air diverse viewpoints. As it operates today, the PTA is useless to parents who want to play a meaningful role in educational reform.

The mission of the PTA has always been to "work on behalf of the best interests of all children on issues that affect their health, education, and welfare" and "to encourage parent involvement." With almost seven million members, the PTA offers great potential for promoting parental involvement in the educational welfare of children. But in the 1990s, that mission requires of the PTA something it has been unwilling to do: demand accountability for performance and spending at every level of the educational system.

LOCAL CONTROL

Decades ago, parents had significant influence over their neighborhood schools. Over the years, however, school districts consolidated, teachers and administrators came to see themselves as credentialed professionals, and state laws standardized educational practices and curricula. Today, many parents are less likely to get involved in their children's educational environment. Nevertheless, the impetus for reform will have to come from parents active at the grass roots.

The PTA ought to be helping such parents overcome the considerable barriers to holding local educators accountable. For instance, it should be of great concern to parents that student grades tend to be as high in low-achieving as in high-achieving schools, but the PTA deliberately avoids such educational issues.

In the annual battles over allocating financial resources, the PTA should play a major role in deciphering complicated budgets for the benefit of interested parents. Instead, PTAs rally with teachers unions for tax increases, seldom questioning the effect on parents or the educational outcomes for students.

Parents also deserve greater consideration of their interests in the contract negotiations that determine pay and working conditions for teachers. For instance, teachers in Montgomery County, Maryland, refused to write recommendations for their college-bound students because such "extra" duties weren't in their contract. In some areas, a parent who wishes to lodge a complaint about a teacher must navigate a bureaucratic process established by contract. Parents may have to submit a written account of the grievance in order to secure a meeting with the teacher, who has the right to bring along a union representative. Some parents find such time-consuming and intimidating conditions a clear subordination of parental interests to teacher rights.

It is indisputable that teachers are already well represented in negotiations. Therefore, an effective local PTA that works on behalf of parental interests should insist on more than the current minimal accord paid to parental concerns. Working through the PTA, parents could ensure that their schools:

- Demand pro-parent scrutiny of teacher contracts;
- Justify their annual budgets;
- Air alternative views to the pro-union positions on privatization, teacher tenure, tuition-tax credits, school choice, and teacher standards;
- Establish expeditious complaint procedures so that parents could challenge decisions and actions of teachers or administrators;
- Make certain that student grades provide parents with adequate information about the educational progress of their children, or lack of it.

Nowadays, local matters are greatly affected by policy at

CHARLENE K. HAAR *is the president of the Education Policy Institute and research associate, Social Philosophy and Policy Center, Bowling Green State University, Bowling Green, Ohio.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

higher levels. State governments now have a hand in everything from funding to curricular standards. President Clinton's Goals 2000 legislation, enacted last year and under review by the new Republican-controlled Congress, may bring down the heavy hand of the federal government, too (see sidebar, page 88). Similarly, PTA members who wish to be active at the local level must take account of PTA policies set by the state and national hierarchies and imposed on individual chapters.

At the least, the PTA has the power to keep parents informed of academic issues, from educational policies set at the national and state levels to the curriculum and employment practices of their local schools. At its best, the PTA could help frame the national debate over educational reform, lobby for some of the reforms that debate has already produced, and work to change the restrictive collective-bargaining statutes that tend to shield teacher unions and teachers from accountability and limit parental involvement.

Why the PTA Is Weak

PTA's ineffectiveness can be attributed to six inter-related areas:

Misdirected resources. At the local level, the PTA has become a fundraising auxiliary for school districts, while its child-advocacy efforts have focused on social, non-educational issues.

Stifled debate. Many PTA officials stifle open discussion of controversial issues and discourage parents from questioning the PTA's official positions.

Ignorance. Most PTA members have no idea of the policies advocated in their name by the PTA hierarchy at the national and state levels.

Careerism. The PTA's national officers are elected by a restrictive process that requires a national PTA presidential candidate to make a commitment of nearly 10 years to rise "through the chairs." Consequently, many PTA national leaders serve long after their own children have left school.

Transient membership. Parental interest is often high at the elementary-school level, tapers off in middle school, and all but disappears in high school. As a result, PTA officers and professional staff have inordinate influence.

Teachers-union influence. National PTA policies, which often are automatically adopted as state and local PTA policies, reflect the dominant influence of the teachers unions, especially the National Education Association (NEA).

Of these factors, by far the most important is the last. Parents and teachers in the PTA both claim to share the same goal: promoting the educational welfare of children. But the PTA's governance structure, in which unionized teachers play a major role, is fatally flawed. Fundamentally, parents and their children are the consumers of education; teachers are part of the producer complex. Elevating the interests of the producers above the interests of the consumers is a formula for irrelevance. In the last 12 months, I have attended two national PTA meetings and five state conventions, and I cannot recall a single instance in which any policy contrary to the interests of teachers unions was given a proper hearing.

Ever since the 1960s, the NEA and the American Federation of Teachers (AFT) have lobbied vigorously for state legislation requiring school boards to bargain collectively with teachers unions over the terms and conditions of employment. Teachers have the statutory right to bargain collectively in 34 states and the District of Columbia. Many school districts outside of those states engage in *de facto* collective bargaining with the teachers unions. By its refusal to challenge the teachers unions in collective bargaining, the PTA has eliminated itself as an independent advocate for parents. The PTA claims to "seek to participate in the decisionmaking process establishing school policy." But whenever school boards sacrifice parental interests to union interests as often happens in these negotiations, the PTA cannot and will not object.

Such impotence has been apparent at least since the PTA's 1968 position statement on "teacher negotiations, sanctions, and strikes." The PTA resolution, reaffirmed in 1987, identifies the "dilemmas" that teacher militancy and union negotiations impose on PTA members:

"1. If the PTA provides volunteers to man the classrooms, during a work stoppage, in the interest of protecting the immediate safety and welfare of children, it is branded as a strike breaker.

"2. If the PTA does not take sides in issue[s] being negotiated, it is accused of not being interested.

"3. If it supports the positions of the board of education, which is the representative of the public in negotiations, *the teacher members of the PTA have threatened to withdraw membership and boycott the local PTA activities.*" (Italics added.)

AS IT OPERATES TODAY, THE PTA IS USELESS TO PARENTS WHO WANT TO PLAY A MEANINGFUL ROLE IN EDUCATIONAL REFORM.

Collective bargaining is used in most school districts to resolve such issues as teacher compensation for extra curricular activities, class size, parental grievance procedures, and the frequency and scheduling of parent/teacher conferences. In effect, the PTA does not take sides on issues subject to bargaining, regardless of their impact on students, parents, or the public. That position constitutes a major victory for unions and a setback for parents.

How are PTA members supposed to respond to this dilemma? The 1968 resolution urges them to be alert to symptoms of teacher dissatisfaction (abnormal turnover, complaints, and "teacher-supported legislation defeated by state legislature") before a strike and to promote the public airing of issues. At no point does the PTA suggest that teacher dissatisfaction may be unwarranted. The PTA's statement acknowledges that the teachers' threat to withdraw membership and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

boycott the organization greatly concerns the scores of PTA's professional staff members at the state and national organizations.

This surrender may have the cost the organization anyway. The PTA does not keep track of the ratio of teachers to parents among its membership. But we do know that membership peaked in 1966, when more than 12 million teachers, administrators, and parents were members of the National PTA.

The organization then lost more than six million members from 1966 to 1982, years when collective bargaining by teachers unions increased to unprecedented levels. With the withdrawal of parent activists who refused to accept the PTA's subservience to union interests, the PTA has evolved into an NEA front on non-educational as well as educational issues.

To be sure, the PTA sponsors many worthwhile programs and activities. Few of them, however, relate to education. The PTA doesn't merely waste its potential for constructive action; it may even hinder reform. In recent years, the teachers' unions' formidable influence over the PTA has been seen in the following issues:

Opposition to school choice. In addition to its refusal to challenge union positions in collective bargaining and teacher strikes, the PTA opposes vouchers and tuition-tax credits that would empower parents to choose private schools. Thus the PTA has capitulated to the NEA/AFT insistence on maintaining the public-school monopoly at all costs.

Delegates to the 1994 state convention of the California Congress of Parents, Teachers, and Students (the California PTA) broke into thunderous applause when a speaker congratulated them on defeating the school-choice ballot initiative known as Proposition 174. "You were the voice of the California children!" she shouted. More than one million California PTA volunteers defeated Proposition 174, she said, and "all the California Teachers Association did was put up the money."

In fact, the PTA provided a large bloc of foot soldiers in the campaign against Proposition 174. At one workshop, a PTA official reminded delegates that "we will pull the PTA Charter if any unit goes beyond the PTA agenda—as we would have with any PTA that supported vouchers."

No matter how modest a voucher plan might be, the PTA can be expected to oppose it. In 1994, New Jersey Governor Christine Todd Whitman was expected to introduce a pilot program for school vouchers in the ailing Jersey City school system. Nevertheless, state and national PTA officials called the plan a "threat" to public education. As a result, New Jersey PTA delegates voted to "[t]ake an active role in opposing" private-school vouchers. Not surprisingly, the PTA and the New Jersey affiliate of the NEA joined a coalition to defeat this and all other voucher proposals.

Opposition to privatization. State PTAs structure their conventions to reinforce the national organization's opposition to privatization of school services. At Maryland's state PTA convention last year, the state vice president for legislative activity expressed hostility for privatization. Several delegates stomped out of a standing-room-only session on the topic when the state chairwoman refused to permit a balanced discussion of audience views on this issue. She instead rebutted criticism of PTA's opposition to contracting out school services. The reason for PTA opposition? Allegedly, some unionized employees could lose their jobs.

Focus on non-educational issues. PTA programs are designed to diminish dissatisfaction with poor school performance. Instead of conducting hearings to address the causes of academic deficiencies, PTAs sponsor events presenting students' work in the most favorable light. Much time and effort goes into women's auxiliary or support

PTA Fails to Scrutinize Goals 2000

Parents would be better served if they recovered some measure of local control over schools. Yet the national PTA supports federal legislation that would have the opposite effect. The Goals 2000: Educate America Act has been touted by the U.S. Department of Education as a plan for improving primary and secondary education. A close examination, however, reveals that this federal legislation seeks unprecedented control over education.

Most parents have no idea of the implications of this federal legislation, which spells out what K-12 students "must know and be able to do" and how students should be tested. If it were to provide accurate information to parents, PTA materials would point out that the adoption of the Goals 2000 "voluntary" standards is tied to the receipt of federal money appropriated in the Elementary and Secondary Education Act. Here's what the PTA isn't telling its members:

- Despite evidence that parents, voters, and taxpayers want traditional, fact-based academic curricula, Goals 2000 promotes a discredited educational philosophy that measures attitudes, self-esteem, and diversity acceptance—"portfolios of personal growth"—rather than assessing academic progress by rigorous standards.
- The onerous "opportunity-to-learn" provisions essentially require states to prove that each of their school districts is providing every student with the human and financial resources to ensure that all students have equal opportunities to learn. Why isn't the PTA enlightening parents that this is a backdoor strategy by Congress to impose equalized school funding on the states? These unfunded federal mandates-by-bribery would drive up costs dramatically, and advance the fallacy promoted by the teachers unions that spending levels determine the quality of a good education.

Instead, the national PTA praises Goals 2000 as a "voluntary program" to support high academic standards and "the beginning of a new era of parent/family involvement." The law mandates that the states' "improvement-plan" panels include parents along with

(continued next page)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

services: trip chaperoning, bake sales, and other fundraising activities. Clearly, good PTA parents are supposed to be passive supporters, not active critics, of schools and teachers.

Last summer, PTA delegates from 53 states and territories met in Las Vegas for the 98th annual national convention. Convention delegates received two days of workshops to learn how to produce materials that generate positive public reaction to PTA, respond to extremist groups challenging health/sex education curricula, implement the PTA's HIV/AIDS awareness programs, and rebut right-wing groups favoring school choice.

Delegates considered resolutions on violence in video games, inhalant abuse, the quality of indoor air in portable classrooms, and the sale, resale, and destruction of confiscated firearms. These are typical of the non-educational, social issues on which PTAs focus their time and money.

The PTA Stifles Dialogue

In its 1983 position statement in support of public education (revised and reaffirmed in 1991), the national PTA pledged to ensure that "adequate, objective, and language-appropriate information be available to parents so that they can make informed decisions." Unfortunately, the PTA is ignoring this directive.

Given the way PTAs are governed, it is virtually impossible for parent members to develop parent-friendly policies that may conflict with the interests of teachers unions. Parents ought to have a forum for advocating the adoption of reforms like school-choice programs and the privatization of school services, ensuring that teachers are available for frequent conferences with parents, challenging teacher tenure, and assessing the value of report cards, grades, and standardized tests for measuring student performance. Unfortunately, many PTA parents are finding it increasingly difficult to articulate their needs and lodge their complaints within the PTA.

Taking such action within the PTA would require parents to challenge teachers and teachers unions at meetings where both are present. Many parents fear teacher retaliation if they aggressively advocate parental over teacher interests. PTA parents also feel intimidated by the overwhelming pro-union bias in PTA publications and programs, as seen in the selection of convention issues and speakers.

When one speaker after another proclaims the dangers of school choice, for example, it is difficult for rank-and-file members to challenge the PTA's position on the issue. PTA convention programs and publications ought to include balanced discussion of the issues.

Indeed, open discussion of parental concerns is virtually absent at state and national PTA meetings. In practice, parents who seek accurate, unbiased information on educational issues are expected to fall in line with PTA positions.

"The PTA severely limits the opportunity for dialogue and dissent," says Jo Cooper, an Oklahoma parent and 19-year PTA veteran. In 1994, the state legislative chairman of the Oklahoma PTA warned her not to publicly oppose national PTA positions. Cooper's offense? In a public meeting in her suburban Oklahoma City school district, she opposed the national PTA's enthusiastic support of the Goals 2000 legislation and HR 6, the reauthorization of the Elementary and Secondary Education Act. Cooper believes both pieces of federal legislation will undermine local control.

In 1992, Kathy Moran, a PTA official in Villa Park, California, received a letter from the state organization demanding that PTA leaders "do everything possible" to block the gathering of signatures for the 1992 state ballot initiative on school choice. When she tried to organize a

teachers, teachers union representatives, community leaders, and others. But the PTA is successfully nominating its own officers to serve on the panels; as a result, non-PTA parents are often excluded from the process.

Parents who are concerned about federal control following behind Goals 2000 funds are finding the courage to speak out. Unfortunately, rank-and-file parents are often unaware of the extensive national and state PTA lobbying efforts. That's because the national PTA's system of communicating its policies and activities to members is inadequate. The leaders of local PTAs are supposed to disseminate such information as they receive, but the haphazard arrangement renders communication gaps inevitable. The unfortunate result is that many committed parents are losing their confidence in the organization.

Lyn Wuethrich and her husband are the parents of three teenagers in Warren Township, Indiana. She is an outspoken critic of the national and state PTA legislative agenda, which she charges "comes from the top down and clearly reflects a liberal-left social agenda, funded with taxpayer dollars."

As their children have progressed through school, Wuethrich has spent nine years as a PTA officer. However, only as a local PTA president has Wuethrich begun receiving frequent mailings in which PTA leaders are urged to lobby members of Congress and state legislators. "When you really study PTA legislative positions, you will find there is a huge contradiction between what they're pushing nationally and what they're saying locally," she says. "In fact, if PTA really cared about kids, they would stop pushing a federal curriculum tied to federal funds," a provision of Goals 2000.

"For all of PTA's claims to the contrary, members don't have any input in the legislative agenda. A like-minded committee, obviously more sympathetic to teacher unions than parents, decides for us," Wuethrich says. "Parents would be much better served if the PTA provided unbiased information on all sides of educational issues. Parents would then be more able to make informed decisions."

Frustrated by the "red tape, demands, and restrictions of the PTA," Wuethrich will give up her presidency at the end of her term. She intends to urge her 387 members to disaffiliate and become a locally-oriented parent-teacher organization (PTO).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

debate on the merits of choice, she was told that PTA chapters must present only the anti-choice perspective.

What's a Parent to Do?

Is it any wonder that a backlash is developing? Small groups of concerned and sometimes angry parents are challenging the status quo—including the PTA's deference to the teachers unions. Among their options:

Withhold support. Withholding dues to the state and national organizations can be an effective way to protest. At its recent board meeting, the Indiana State PTA lamented that it had to amend its annual budget after losing 3,000 members and their dues.

Reform from within. Parents who believe the PTA can be reformed from within should form a "parental-control" caucus. Parents committed to pro-parent policies could bring about basic changes in the PTA. With a functioning caucus, they might find the strength to make their voices heard at state and national conventions. They could push to reform cumbersome procedures and restrictive election requirements in order to elect national PTA officers committed to pro-parent positions.

Of course, for such internal reform to succeed, more parents now dissatisfied with PTA operations would have to become involved. Like-minded parents need to serve as officers of local chapters and as delegates to state and national conventions.

Assert leadership locally. In Greenwich, Connecticut, local PTA president Kay Wall questioned the state's implementation of a misnamed "outcome-based education" program in June 1992. Without the support of the PTA, she organized a protest group, the Committee to Save Our Schools (SOS), which contributed to the collapse of Connecticut's plan.

Within her local PTA chapter, Wall has organized and chairs an Academic Challenge and Excellence Committee (ACE) that focuses on restoring high academic standards for all children. "They don't really want parents involved in the way I want to be involved," Wall says, "which is knowing the details of the curriculum, knowing what is being tested, and questioning the new standards." Wall is also encouraging members to challenge the PTA's official support of Goals 2000.

Revise PTA membership policy. As long as unionized teachers employed under collective bargaining are members of the PTA, it may be futile for parents to criticize educational policy. The NEA's own experience is instructive here. Before the enactment of collective-bargaining laws, the NEA included administrators at the local, state, and national levels. As a result, local NEA chapters were usually unable to promote teachers' interests, and actions of school administrators were seldom criticized.

Encourage competition. If parents feel that their PTA cannot represent their interests, they should form alternative organizations. Some active parents are requesting disaffiliation from the national PTA. Janice Thompson, a parent in North Carolina who calls herself a "keeper of the home," ardently opposes the PTA's social agenda and its close association with teachers unions. Thompson emphasizes the need for parental involvement in academic issues, and feels that PTA affiliation is a hindrance, not a help, to parents who wish to raise academic standards.

To build her case for reverting back to a local parent-teacher organization (PTO), she called the North Carolina State PTA office in Raleigh and asked, "What is the last thing the PTA accomplished in the classroom?" Says Thompson, "They didn't even have an answer." Last March, parents at her elementary school voted to revert to a PTO. "At the local level," Thompson says, "we know the issues, and here we can work with parents and the school for the benefit of the students."

IT IS VIRTUALLY IMPOSSIBLE FOR THE PTA TO DEVELOP POLICIES THAT MAY CONFLICT WITH THE TEACHERS UNIONS' INTERESTS.

The PTO is organized locally, with no allegiance to state or national associations. Local parents, teachers, and administrators direct the activities, which are not unlike those of the PTA. Governance is usually through simple bylaws, determined by all parents who attend the meetings. It's true, as PTA literature points out, that a PTO does not emphasize lobbying efforts—but such efforts might contradict local standards and parental positions. Members of PTOs have found they can work through the local education maze more easily without the national-policy prohibitions and teachers union allegiances of the PTA.

Activist PTO parents direct their energy toward improving their own schools and their own children's educational opportunities. While many appreciate a PTO's autonomy, some recognize its lack of organizational training and support.

New opportunities for involvement. Current educational reforms are introducing new ways for parents to become involved in schools. For instance, charter and magnet schools within public-school systems often include provisions for parental involvement similar to requirements at private and parochial schools. School-management companies and for-profit businesses that offer services to public schools often stress active parental involvement. Parents should encourage this trend by insisting that school districts and schools retain the utmost flexibility in contracting for services.

At a time when special-interest groups are increasingly viewed in a negative light, the PTA is already well placed to act as a respected advocate for the educational interests of children and parents. As the struggle intensifies, the teachers unions will do their utmost to preserve the PTA as their subservient ally. The good news is that parents concerned about education want to do more than attend monthly PTA meetings. They are forming groups and creating procedures that will empower them as consumers of government services.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

"We Shall Never Surrender"

Statesmen Weigh in on the Meaning of WWII

Winston Churchill, Franklin D. Roosevelt, Harry S Truman, Douglas MacArthur, Ronald Reagan, George Bush

Winston Churchill

I have nothing to offer but blood, toil, tears, and sweat. We have before us an ordeal of the most grievous kind. We have before us many, many months of struggle and suffering.

You ask, what is our policy? I say it is to wage war by land, sea, and air. War with all our might and with all the strength God has given us, and to wage war against a monstrous tyranny never surpassed in the dark and lamentable catalogue of human crime. That is our policy.

You ask, what is our aim? I can answer in one word. It is victory. Victory at all costs—victory in spite of all terrors—victory, however long and hard the road may be, for without victory there is no survival.

—First address to the House of Commons as Prime Minister
May 13, 1940

I have, myself, full confidence that if all do their duty, if nothing is neglected, and if the best arrangements are made, as they are being made, we shall prove ourselves once again able to defend our island home, to ride out the storm of war, and to outlive the menace of tyranny, if necesary for years, if necessary alone. At any rate, that is what we are going to try to do. That is the resolve of His Majesty's Government—every man of them. That is the will of Parliament and the nation. The British Empire and the French Republic, linked together in their cause and in their need, will defend to the death their native soil, aiding each other like good comrades to the utmost of their strength. Even though large tracts of Europe and many old and famous States have fallen or may fall into the grip of the Gestapo and all the odious apparatus of Nazi rule, we shall not flag or fail. We shall go on to the end, we shall fight in France, we shall fight on the seas and oceans, we shall fight with growing confidence and growing strength in the air, we shall defend our island, whatever the cost may be, we shall fight on the beaches, we shall fight on the landing grounds, we shall fight in the fields and in the streets, weshall fight in the hills; we shall never surrender, and even if, which I do not for a moment believe, this island or a large part of it were subjugated and starving, then our Empire beyond the seas, armed and guarded by the British Fleet, would carry on the struggle, until in God's good time, the new world, with all its power and might, steps forth to the rescue and the liberation of the old.

—Address to the House of Commons
June 4, 1940

Franklin D. Roosevelt

Yesterday, December 7, 1941—a date which will live in infamy—the United States of America was suddenly and deliberately attacked by naval and air forces of the empire of Japan....

... As commander in chief of the army and navy I have directed that all measures be taken for our defense, that always will our whole nation remember the character of the onslaught against us.

No matter how long it may take us to overcome this premeditated invasion, the American people, in their righteous might, will win through to absolute victory.

I believe that I interpret the will of the Congress and of the people when I assert that we will not only defend ourselves to the uttermost but will make it very certain that this form of treachery shall never again endanger us.

Hostilities exist. There is no blinking at the fact that our people, our territory, and our interests are in grave danger.

With confidence in our armed forces, with the unbounding determination of our people, we will gain the inevitable triumph. So help us God.

—Radio address to the nation
December 8, 1941

Harry S Truman

I have just returned from Berlin, the city from the which the Germans intended to rule the world. It is a ghost city. The buildings are in ruins, its economy and its people are in ruins....

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

You ask what is our aim? Victory at all costs–victory in spite of all terrors–victory, however long and hard the road may be, for without victory there is no survival.

All photos by Archive Photo

War has indeed come home to Germany and to the German people. It has come home in all the frightfulness with which the German leaders started and waged it.

The German people are beginning to atone for the crimes of the gangsters whom they placed in power and whom they wholeheartedly approved and obediently followed.

We also saw some of the terrific destruction which the war had brought to the occupied countries of Western Europe and to England.

How glad I am to be home again! And how grateful to Almighty God that this land of ours has been spared!

We must do all we can to spare her from the ravages of any future breach of the peace. That is why, though the United States wants no territory or profit or selfish advantage out of this war, we are going to maintain the military bases necessary for the complete protection of our interests and of world peace....

Our victory in Europe was more than a victory of arms. It was a victory of one way of life over another. It was a victory of an ideal founded on the rights of the common man, on the dignity of the human being, on the conception of the State as the servant—and not the master—of its people.

A free people showed that it was able to defeat professional soldiers whose only moral arms were obedience and the worship of force.

We tell ourselves that we have emerged from this war the most powerful nation in the world—the most powerful nation, perhaps, in all history. That is true, but not in the sense some of us believe it to be true.

The war has shown us that we have tremendous resources to make all the materials for war. It has shown us that we have skillful workers and managers and able generals, and a brave people capable of bearing arms.

All these things we knew before.

The new thing—the thing which we had not known—the thing we have learned now and should never forget, is this: that a society of self-governing men is more powerful, more enduring, more creative than any other kind of society, however disciplined, however centralized.

We know now that the basic proposition of the worth and dignity of man is not a sentimental aspiration or a vain hope or a piece of rhetoric. It is the strongest, most creative force now present in this world.

Now let us use that force and all our resources and all our skill in the great cause of a just and lasting peace! ...

—Radio address to the nation
August 9, 1945

DOUGLAS MACARTHUR

My fellow countrymen, today the guns are silent. A great tragedy has ended. A great victory has been won. The skies no longer rain death—the seas bear only commerce—men everywhere walk upright in the sunlight. The entire world is quietly at peace. The holy mission has been completed, and in reporting this to you, the people, I speak for the thousands of silent lips, forever stilled among the jungles and the beaches and in the deep waters of the Pacific which marked the way. I speak for the unnamed brave millions homeward bound to take up the challenge of that future which they did so much to salvage from the brink of disaster.

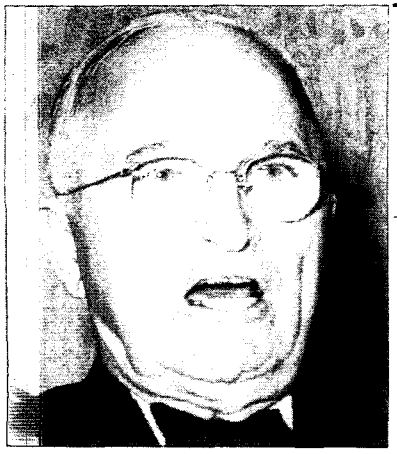
As I look back on the long tortuous trail from those grim days of Bataan and Corregidor, when an entire world lived in fear, when democracy was on the defensive everywhere, when modern civilization trembled in the balance, I thank a merciful God that He has given us the faith, the courage, and power from which to mold victory.

We have known the bitterness of defeat and the exultation of triumph, and from both we have learned there can be no turning back. We must go forward to preserve in peace what we won in war....

We stand in Tokyo today reminiscent of our countryman, Commodore Perry, 92 years ago. His purpose was to bring to Japan an era of enlightenment and progress by lifting the veil of isolation to the friendship, trade, and

No matter how long it may take us to overcome this premeditated invasion, the American people, in their righteous might, will win through to absolute victory.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED



Our victory in Europe was more than a victory of arms... It was a victory of an ideal founded on the rights of the common man, on the dignity of the human being....

commerce of the world. But, alas, the knowledge thereby gained of Western science was forged into an instrument of oppression and human enslavement. Freedom of expression, freedom of action, even freedom of thought were denied through suppression of liberal education, through appeal to superstition, and through the application of force.

We are committed by the Potsdam Declaration of Principles to see that the Japanese people are liberated from this condition of slavery. It is my purpose to implement this commitment just as rapidly as the armed forces are demobilized and other essential steps taken to neutralize the war potential. The energy of the Japanese race, if properly directed, will enable expansion vertically rather than horizontally. If the talents of the race are turned into constructive channels, the country can lift itself from its present deplorable state into a position of dignity.

To the Pacific Basin has come the vista of a new emancipated world. Today, freedom is on the offensive, democracy is on the march. Today, in Asia as well as in Europe, unshackled peoples are tasting the full sweetness of liberty, the relief from fear.

In the Philippines, America has evolved a model for this new free world of Asia. In the Philippines, America has demonstrated that peoples of the East and peoples of the West may walk side by side in mutual respect and with mutual benefit. The history of our sovereignty there has now the full confidence of the East.

And so, my fellow countrymen, today I report to you that your sons and daughters have served you well and faithfully with the calm, deliberate, determined fighting spirit of the American soldier and sailor based upon a tradition of historical trait, as against the fanaticism of any enemy supported only by mythological fiction, their spiritual strength and power has brought us through to victory. They are homeward bound—take care of them.

—*Aboard the* USS Missouri
at the Japan surrender ceremony in Tokyo Bay, September 2, 1945

RONALD REAGAN

We're here to mark that day in history when the Allied armies joined in battle to reclaim this continent to liberty. For four long years, much of Europe had been under a terrible shadow. Free nations had fallen, Jews cried out in the camps, millions cried out for liberation. Europe was enslaved, and the world prayed for its rescue. Here in Normandy the rescue began. Here the Allies stood and fought against tyranny in a giant undertaking unparalleled in human history....

These are the boys of Pointe de Hoc. These are the men who took the cliffs. These are the champions who helped free a continent. These are the heroes who helped end a war....

Forty summers have passed since the battle that you fought here. You were young the day you took these cliffs; some of you were hardly more than boys, with the deepest joys of life before you. Yet, you risked everything here. Why? Why did you do it? What impelled you to put aside the instinct for self-preservation and risk your lives to take these cliffs? What inspired all the men of the armies that met here? We look at you, and somehow we know the answer. It was faith and belief; it was loyalty and love.

The men of Normandy had faith that what they were doing was right, faith that they fought for all humanity, faith that a just God would grant them mercy on this beachhead or on the next. It was the deep knowledge—and pray God we have not lost it—that there is a profound, moral difference between the use of force for liberation and the use of force for conquest. You were here to liberate, not to conquer, and so you and those others did not doubt your cause. And you were right not to doubt.

You all knew that some things are worth dying for. One's country is worth dying for, and democracy is worth dying for, because it's the most deeply honorable form of government ever devised by man. All of you were willing to fight tyranny, and you knew the people of your countries were behind you.

The Americans who fought here that morning knew word of invasion was spreading

Today, freedom is on the offensive, democracy is on the march.... In Asia as well as Europe, unshackled peoples are tasting the full sweetness of liberty, the relief from fear.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

[W]e helped our enemies give birth to democracies.... We made our enemies our friends, and we healed their wounds. And in the process, we lifted ourselves up.

through the darkness back home. They fought—or felt in their hearts, though they couldn't know in fact, that in Georgia they were filling the churches at 4 a.m., in Kansas they were kneeling on their porches and praying, and in Philadelphia they were ringing the Liberty Bell.

Something else helped the men of D-Day: their rock-hard belief that Providence would have a great hand in the events that would unfold here; that God was an ally in this great cause. And, so, the night before this invasion, when Colonel Wolverton asked his parachute troops to kneel with him in prayer he told them: Do not bow your heads, but look up so you can see God and ask His blessing in what we're about to do. Also that night, General Matthew Ridgeway on his cot, listening in the darkness for the promise God made to Joshua: "I will not fail thee nor forsake thee."...

We in America have learned bitter lessons from two World Wars: It is better to be here ready to protect the peace, than to take blind shelter across the sea, rushing to respond only after freedom is lost. We've learned that isolationism never was and never will be an acceptable response to tyrannical governments with an expansionist intent. But we try always to be prepared for peace; prepared to deter aggression; prepared to negotiate the reduction of arms; and, yes, prepared to reach out again in the spirit of reconciliation. In truth, there is no reconciliation we would welcome more than a reconciliation with the Soviet Union, so, together, we can lessen the risks of war, now and forever....

—Omaha Beach, 40th Anniversary of the D-Day invasion
June 6, 1984

GEORGE BUSH

...[N]ow we stand triumphant, for the third time in this century, this time in the wake of the cold war. As in 1919 and 1945, we face no enemy menacing our security....

The values we hold dear as a nation—equality of opportunity, freedom of religion and speech and assembly, free and vigorous elections—are now revered by many nations. Our greatest victory in World War II took place not on the field of battle, but in the nations we once counted as foes. The ideals of democracy and liberty have triumphed in a world once threatened with conquest by tyranny and despotism.

Today we celebrate the world's evolution toward freedom, we commemorate democracy's fallen heroes, the defenders of freedom as well as victims of dictatorship who never saw the light of liberty. Earlier this year, when former adversaries joined us in the stand against aggression in the Persian Gulf, we affirmed the values cherished by the heroes of the Harbor.

The friends I lost, that all of us lost, upheld a great and noble cause. Because of their sacrifice, the world now lives in greater freedom and peace than ever before. It is right that all of us are here today. And it is right that we go on from here....

I have no rancor in my heart towards Germany or Japan, none at all. And I hope, in spite of the loss, that you have none in yours. This is no time for recrimination. World War II is over. It is history. We won. We crushed totalitarianism. And when that was done, we helped our enemies give birth to democracies. We reached out, both in Europe and in Asia. We made our enemies our friends, and we healed their wounds. And in the process, we lifted ourselves up.

The lessons of the war itself will live on, and well they should: Preparedness; strength; decency and honor; courage; sacrifice; the willingness to fight, even die, for one's country—America, the land of the free and the brave.

No, just speaking for one guy, I have no rancor in my heart. I can still see the faces of fallen comrades, and I'll bet you can see the faces of your fallen comrades too, or family members. But don't you think they're saying, "Fifty years have passed; our country is the undisputed leader of the free world, and we are at peace."? Don't you think each one is saying, "I did not die in vain."?

May God bless each of you who sacrificed and served....

—Honolulu, 50th Anniversary of Pearl Harbor attack
December 7, 1991

One's country is worth dying for, and democracy is worth dying for, because it's the most deeply honorable form of government ever devised by man.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

LETTERS

Cocaine Confusion, Unconstitutional Congress, Teacher Pensions

CLINTON'S CALLOUSNESS

Dear Sir:

Charles Molony Condon's article, "Clinton's Cocaine Babies" (Spring 1995), detailing the Clinton administration's callousness toward cocaine babies is certainly tragic, and should provoke outrage, but surely nobody should be surprised at the stance taken by the president.

The logic of the administration's position flows of necessity from its position on abortion. If Clinton officials were to acknowledge that the unborn are entitled to protection from cocaine abuse by their mothers, such an admission would contradict their abortion argument. It would mean that the unborn have rights that must be balanced against the mother's alleged privacy rights. If this is the case, how can they escape the logic that those unborn rights must also be balanced against the "rights" of the mother to abort?

Since cocaine abuse affects the fetus from the moment of conception, the rights of the fetus to protection must also arise at the moment of conception.

Since only human beings have constitutional rights, the inescapable conclusion is that the fetus is a human being from the moment of conception.

In fact, all government programs designed to enhance health—such as prenatal care—run into this logical inconsistency. Is not a cocaine-free fetal-growth environment at least as important as sufficient food and nutrients, which prenatal care is supposed to insure?

Kim Weissman
Longmeadow, Mass.

ILLEGITIMATE STATE

Dear Sir:

Stephen Moore's article on "The Unconstitutional Congress" (Spring 1995) marks an essential step toward reducing the size of the federal government. I would argue that the electoral revolution of 1994 won't establish Republican realignment until the GOP majority confronts Moore's question: Are federal, social and other programs, on which the government is spending too much, constitutionally justified?

To answer that question, Republicans must grapple with a deeper issue: the consensus that supports our present constitutional arrangement, i.e. the legitimacy of the administrative/welfare state begun by the New Deal and nurtured in the Great Society. The question, "Is it constitutional?," cannot be answered without reflecting on our flawed conception of the ends of government.

Both political parties have long been hypnotized by the mantra that government exists to "serve people's needs." Those who framed our republican, liberal democratic Constitution, designed it not to "serve needs"—most forms of government can do that—but to secure the natural rights of mankind.

That was the test which British monarchic, or aristocratic, rule had systematically failed and which, according to the Declaration of Independence, justified the Revolution of 1776.

I do not have high hopes that, in their effort to cut back the administrative/welfare state, the conservative Republicans in Congress will turn to the Framers' criterion of good government.

They will not do so because, like most liberals, they, too, believe that the Declaration's philosophy of natural rights is merely subjective and thus irrelevant to the Constitution, which they interpret as a free-floating system of positivist rules and neutral procedures untethered to principles of human nature and the law and rights deriving from nature and God. Constitutional nihilism will cripple efforts to limit government.

Moore's call for a return to the Constitution will succeed when the Constitution is again related to the laws of nature that provide its rationale. Without an interpretation of the Constitution rooted in reason and natural law to guide our jurisprudence, the complaint that "I don't like big government" is answered decisively by yesterday's, or tomorrow's, majority: "But *we* do!"

Dennis Teti
Alexandria, Va.

NO AUTHORITY

Dear Sir:

I am ecstatic about the article by Stephen Moore ("The Unconstitutional Congress," Spring 1995), who has identified perhaps the core question for the 104th Congress: "Where is the authority under the Constitution for Congress to spend money on federal social-welfare programs?"

This question, of course, was answered by President Grover Cleveland: "I can find no warrant for such an appropriation in the Constitution." I am confident that few Americans even know President Franklin Pierce, let alone his declaration of 1854: "I cannot find any authority for public charity."

For me, the choice between liberal government welfare or conservative private charity is the proper basis to reform the current government social-welfare system.

In plain language, the government has no Constitutional authority to do something that the document does not authorize, period.

Raymond N. Haynes
State Senator, 36th District
Riverside, Calif.

POTENT PENSION PLAN

Dear Sir:

Stephen Glass's article, "A Pension Deficit Disorder," (Spring 1995) must have provoked smiles among state pension-fund managers.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Glass makes teachers unions the architects of state pension plans, and he advocates that states change their laws and replace current defined-benefit systems with defined-contribution plans—a perfect way to relieve many states of the fiduciary responsibility to vouchsafe the results of their management of billions of dollars in pension funds on behalf of their employees.

Glass is either woefully ignorant of the history of state pension systems, or simply disingenuous.

First, public-school teachers' pensions are determined by governors and state legislatures; they are not bargained. Secondly, states have historically had no interest in seeing pension money carted off by employees who move out of state. Thirdly, the American Federation of Teachers (AFT) and the National Education Association (NEA) have long supported changes in portability, vesting, governance, and funding requirements for pension systems.

And we agree that these changes should bring teacher-pension programs into alignment with the standards that the Employee Retirement Income Security Act (ERISA) requires of the private sector.

Glass is surely aware, however, that public employees were deliberately excluded from that act and remain so because of vehement opposition from state and local governments.

To make pensions truly portable, states will have to offer reciprocity to teachers from other states. In Rhode Island, for example, AFT and NEA affiliates helped persuade the legislature to adopt pension portability.

We do encourage other states to take the same step. One way to encourage change would be to expand ERISA to cover teachers and add portability to the law's funding and vesting standards.

Glass zealously promotes defined-contribution plans as a better design for assuring portability, but he fails to point out that defined-benefit plans can also be made portable, if states wish to do that. Pension-plan administrators could determine the value of a proportional benefit for any teacher who left a retirement system before becoming eligible for full benefits. They could make this proportional benefit available to any departing teacher. The American Federation of Teachers and the National Education Association support such flexibility.

Glass suggests that teachers unions are responsible for lengthy vesting periods in current pension plans. Why most people who manage or work in public schools agree on the importance of encouraging a stable workforce is not worth arguing here. What is worth noting is that governors and legislatures, who control state pension programs, routinely oppose quick vesting and portability.

The years teachers remain unvested represent the paper assets of teacher and state-employee funds that can be used to balance state budgets. Moreover, it is always easier for the governor or legislature to ignore pension-funding guidelines or to lower state contributions when these actions cannot be appealed—as there would be if public pensions were regulated like private-sector pensions are.

In July 1994, for example, Governor Christine Todd Whitman of New Jersey received legislative approval to make changes to the state-employee and teacher retirement funds. The new legislation dropped the 1994 state contribution for the public employees' system by an estimated $193 million—from $200 million to $7 million. At the same time, contributions to the teachers' fund decreased from $565 million to $55 million. Between 1994 and 1998, New Jersey could withhold an estimated $5 billion in employer contributions to its retirement plans with no legal repercussions.

None of these savings will be used to improve teacher pensions. They will assuredly deepen the current underfunding in these programs and jeopardize the long-term stability of many of them.

The true consequences of underfunding are being shifted to the future, where teachers and taxpayers may be pitted against each other to determine who will pay for today's unwise finagling with money earmarked for pensions. Anyone who believes teacher organizations encourage or benefit from actions of this type, as Glass asserts, is immune to the facts.

Amid these circumstances, it does not seem likely to us that many states would view defined-contribution system as fiscally appealing. Our primary interest is to protect the financial security of teachers in retirement. Since pensions constitute about 50 percent of a typical teacher's retirement income, we believe that it is only prudent to diversify risk of investment loss as much as possible. Defined-benefit plans permit exactly the broad diversification of investments that ensures maximum stability of returns. In fact, the long history of these plans in the public sector has been a success story for millions of people of modest means, providing them a reliable source of retirement income.

Defined-benefit plans also enable pension boards to consider disability pension and cost-of-living allowances, which permit disabled and retired teachers to maintain a decent standard of living. Defined contribution plans cannot provide a disability benefit or a cost-of-living adjustment because they are not designed to share risks.

Glass's editorial completely misses the mark. He could make a more meaningful contribution to public understanding if he examined how the states have used their employees' retirement-fund pools to date.

The issues of portability, vesting, governance, and control in state pension systems deserve proper public debate, as does the relative value of defined-contribution plans. We would welcome such a debate.

Keith Geiger
President
National Education Association
Washington, D.C.

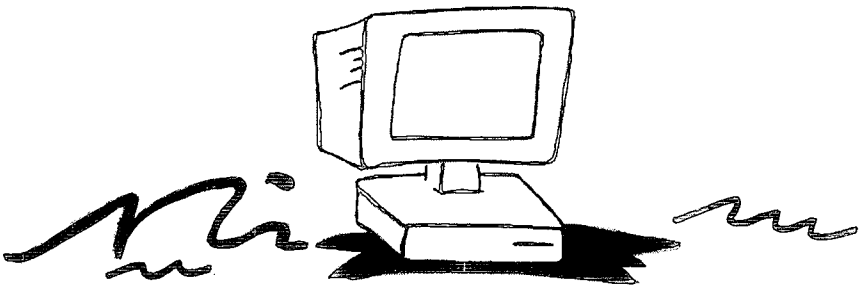
Albert Shanker
President
American Federation of Teachers
Washington, D.C.

Policy Review welcomes your comments. Send letters to:
Policy Review
214 Massachusetts Ave., N.E.,
Washington, D.C. 20002
We reserve the right to edit for length and clarity.

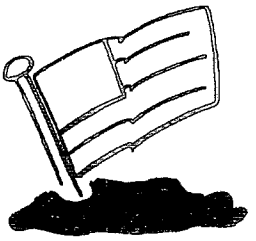
LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

COMING JULY 1

As conservatives "surf" the Internet,



TOWN HALL makes waves!



Introducing the newest tool in the "fight for freedom"— TOWN HALL on the Internet!

TOWN HALL, the popular conservative forum on CompuServe, has created a dynamic community on the World Wide Web...and the Internet will never be the same. Another "first" in the conservative revolution, TOWN HALL's site harnesses the explosive power of online communication by uniting the best resources for conservative policy and politics under one umbrella.

Nowhere else on the Internet will you find:

- featured articles from periodicals like *Policy Review*
- information from leading conservative organizations all in one place
- direct access to the news and legislation that are shaping business and politics
- exclusive analysis of current legislation and today's events from public policy experts
- simple "point and click" navigation

That's not all. With TOWN HALL you can send an e-mail anywhere in the world, "surf" the 'Net and visit the House of Representatives, send a message to Speaker Gingrich or download the full text of pending legislation.

http://www.townhall.com

Discover for yourself what's making waves in the new conservative world.
Explore TOWN HALL. Call **800-441-4142** today for your **FREE** trial
and customized software to TOWN HALL's services on CompuServe or the Internet.
(In the Washington, D.C. area, call 202-547-6368.)

Already a CompuServe user? GO TOWNHALL

A project of *National Review* and The Heritage Foundation

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

policy REVIEW

Even though large tracts of Europe and many old and famous States have fallen or may fall into the grip of the Gestapo and all the odious apparatus of Nazi rule, we shall not flag or fail. We shall go on to the end, we shall fight in France, we shall fight on the seas and oceans, we shall fight with growing confidence and growing strength in the air, we shall defend our island, whatever the cost may be...

Winston Churchill

"We Shall Never Surrender":

Statesmen weigh in on the meaning of WWII

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED